

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1475422-000

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Alexandria, Virginia
July 23, 1986

UNKNOWN SUBJECTS;
\$27,000,000 IN HUMANITARIAN AID TO THE CONTRAS - NICARAGUA;
FRAUD AGAINST THE GOVERNMENT-DEPARTMENT OF STATE

Investigation in captioned matter was predicated upon the receipt of a June 19, 1986, letter from MICHAEL D. BARNES, Chairman, Subcommittee on Western Hemisphere Affairs, Committee on Foreign Affairs, Congress of the United States, House of Representatives, Washington, D.C., to the Honorable EDWIN MEESE III, Attorney General, Department of Justice, Washington, D.C.

In summary, Congressman BARNES'S letter indicated that a preliminary investigation of bank records into which had been deposited portions of the above captioned funds suggested a strong possibility that criminal statutes had been violated, particularly those prohibiting the making of fraudulent claims against the United States Government. In view of that possibility, Congressman BARNES requested the Department of Justice initiate a criminal investigation into this matter.

The Alexandria, Virginia, Division of the FEDERAL BUREAU OF INVESTIGATION subsequently contacted representatives

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Bureau
① Alexandria
(46A-656)

(S)

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[Redacted]

SEARCHED INDEXED
SERIALIZED FILED

46A-656-1
FBI/DOJ

RE: UNKNOWN SUBJECTS;
\$27,000,000 IN HUMANITARIAN AID TO THE CONTRAS - NICARAGUA

of the General Accounting Office, the Subcommittee on Western Hemisphere Affairs, the Department of State, and the Criminal Division, Fraud Section, United States Department of Justice. A summary of the information obtained to date is as follows:

On July 16, 1986, General Accounting Office (GAO) officials advised that on October 15, 1985, Congressman BARNES requested their office conduct a review of the disbursement of captioned funds by the Department of State. A separate organization within the Department of State, known as the Nicaragua Humanitarian Assistance Office (NHAO), was established specifically to administer the Contra aid program and that office is located at the Department of State Annex 6, 1701 Fort Myer Drive, Room 228, Arlington, Virginia.

An organization known as the United Nicaragua Opposition (UNO) was also established to represent the various resistance forces throughout Nicaragua. UNO is headed by three individuals: ADOLFO CALERO and ARTURO CRUZ, who are believed to be residents of Miami, Florida, and ALFONSO ROBELO, who is believed to be a resident of [redacted] [redacted] is UNO'S representative in [redacted]

UNO'S responsibility is to purchase the goods needed for the Contras, submit the invoices and receipts to NHAO and to arrange for delivery to the Contra forces.

NHAO reviews the paperwork submitted by UNO to verify that the items being purchased fall within the guidelines of humanitarian aid and then prepares a voucher for submission to the Department of Treasury. The Department of Treasury then wire-transfers funds in payment of these vouchers to various bank accounts that have been established in Miami by brokers for the suppliers allegedly providing the goods purchased by UNO.

GAO officials advised that, to date, approximately \$26 million of the \$27 million authorized has been disbursed by NHAO and of that \$26 million, approximately \$12 million was for items purchased in the United States and approximately \$14 million was for items purchased on the local economy in Nicaragua. GAO officials advised that NHAO exercises considerable control over the disbursement of funds for purchases made in the United States and GAO is not questioning the validity of those purchases. It is a much different

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RE: UNKNOWN SUBJECTS;
\$27,000,000 IN HUMANITARIAN AID TO THE CONTRAS - NICARAGUA

story, however, for the purchases made in the Nicaraguan region. GAO advised that NHAO, from its offices in Virginia, cannot assess the validity of the regional receipts, is unable to check out many suppliers, has difficulty establishing reasonableness of prices, and cannot verify actual delivery or receipt of items. GAO officials also advised that there is no audit trail showing payments from the brokers' bank accounts in Miami to the various suppliers and there is only partial documentation of shipments from the suppliers to the resistance forces.

GAO officials advised that to date they have examined approximately 300 separate vouchers involving approximately 14 different bank accounts and 50 different suppliers and they cannot conclusively state that a single one of those transactions was either legitimate or fraudulent.

OTHER Congressional Executive Session

GAO officials advised that, as provided in testimony before the Committee on Foreign Affairs [redacted]

[redacted] GAO indicated that while they have not found anything indicating NHAO paid for the lethal items, they have not been able to verify that goods purchased were not diverted, bartered or exchanged for such items.

On July 21, 1986, officials of the OTHER Congressional Executive Session on Western Hemisphere Affairs advised that [redacted]

[redacted] Press reports were cited that suggested United States dollars had been converted to Honduran currency at rates that created more money for the Contras than was authorized by Congress, and Subcommittee officials advised that [redacted]

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RE: UN
\$27,000 SUBJECTS;
IN HUMANITARIAN AID TO THE CONTRAS - NICARAGUA

[redacted] OTHER Congressional Executive Session

Subcommittee officials also advised that United States [redacted]

[redacted] Subcommittee
officials stated that they had determined [redacted]

Subcommittee officials also advised that captioned funds may have been used in violation of United States narcotics laws and they suggested the Select Committee on Narcotics Abuse and Control be contacted for additional details concerning this possibility.

On July 22, 1986, officials of the Office of the Inspector General (IG), Department of State, advised that the only investigation they have conducted concerning captioned matter involved a shipment of poor quality boots that was received by the Contra troops in March, 1986. The IG'S investigation resulted in the contractor that supplied the boots replacing those that were defective and an analysis of the contractor's books and records did not reveal any illegal activity.

[redacted] Branch Chief, Fraud Section, Criminal Division, United States Department of Justice, has been advised of the investigation being conducted by the FEDERAL BUREAU OF INVESTIGATION on a daily basis and on July 23, 1986, she advised that [redacted]

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Date

5/8/87

Title and Character of Case

et al

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Date Property Acquired

5/8/87

Source From Which Property Acquired

SA

Location of Property or Bulky Exhibit

Bulky Room

Reason for Retention of Property and Efforts Made to Dispose of Same

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To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

Yes No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

Yes No Property to be Forfeited to the Government

Description of Property or Exhibit

One BX 14 folder containing copies of
documents from NYAO files and copies
of computer printouts provided by GAO

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

46A-656-1B

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Field File #

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CHAIN OF CUSTODY

Item No.

Remarks

Date

5/8/87

Title and Character of Case

[Redacted]

et al

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Date Property Acquired 5/8/87 Source From Which Property Acquired SA [Redacted]

Location of Property or Bulky Exhibit Bulky Exhibits Room Reason for Retention of Property and Efforts Made to Dispose of Same

To Be Returned See Serial Agent Submitting Property or Exhibit [Redacted] Agent Assigned Case [Redacted]

Yes No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

Yes No Property to be Forfeited to the Government

Description of Property or Exhibit

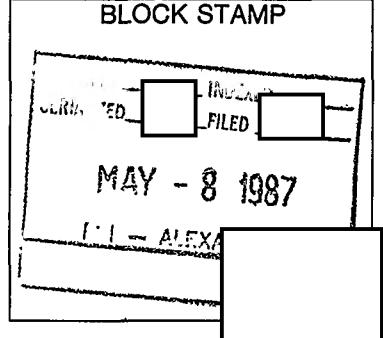
One FX 11 folder containing work papers on "the seven" NHTD Transactions

For Valuable and/or Narcotics Evidence Only	
Evidence Bag Seal #	Signature of Two Special Agents Verifying and Sealing Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

46A-656-1B (2)

BLOCK STAMP



Field File # 46A-656

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CHAIN OF CUSTODY

Item No.

Remarks

Bulky Exhibit - Inventory of Property Acquired as Evidence
FD-192 (Rev. 7-18-85)

Date

5/8/87

Title and Character of Case

[Redacted]

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Date Property Acquired

5/8/87

Source From Which Property Acquired

SA

[Redacted]

Location of Property or Bulky Exhibit

Bulky Room

Reason for Retention of Property and Efforts Made to Dispose of Same

Work papers

To Be Returned See Serial

Yes No

Agent Submitting Property or Exhibit

[Redacted]

Agent Assigned Case

[Redacted]

Yes No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

Yes No Property to be Forfeited to the Government

Description of Property or Exhibit

One SP 14 folder containing copies of
downloads from NHTAD files and 3x5
card index of possible suspects

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal # _____

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

46A-656-1B (3)

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SERIALIZED FILED

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Field File # 46A-656

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CHAIN OF CUSTODY

Item No.

Remarks

Date

5/8/87

Title and Character of Case

Title and Character of Case	
et al	

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et al

Date Property Acquired

5/8/87

Source From Which Property Acquired

SA

Location of Property or Bulky Exhibit

Bulky Room

Reason for Retention of Property and Efforts Made to Dispose of Same

Work Papers

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

Yes No

Yes No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

Yes No Property to be Forfeited to the Government

Description of Property or Exhibit

One PK 14 folder containing
Investigative notes

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal # _____

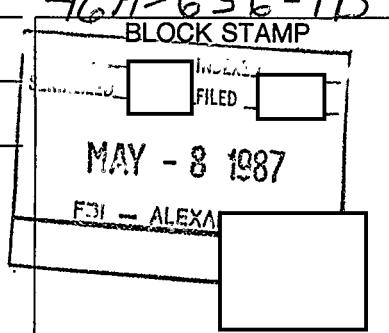
Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

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Field File # 46A-656

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CHAIN OF CUSTODY

Item No.

Remarks

Bulky Exhibit - Inventory of Property Acquired as Evidence
FD-192 (Rev. 7-18-85)

Date

5/8/87

Title and Character of Case

et al

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Date Property Acquired

5/8/87

Source From Which Property Acquired

SA

Location of Property or Bulky Exhibit

Bulky Room

Reason for Retention of Property and Efforts Made to Dispose of Same

Work Papers

To Be Returned

Yes No

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

Yes No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

Yes No Property to be Forfeited to the Government

Description of Property or Exhibit

One SP 11 folder containing current
work papers

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal # _____

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

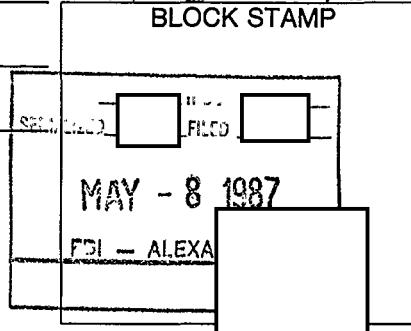
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Field File # 46A-656

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CHAIN OF CUSTODY

Item No.

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7/23/86

TO: DIRECTOR, FBI
ATTENTION: [redacted] FRAUD SECTION
FROM: ACTING SAC, ALEXANDRIA (AX 46A-656) (P)

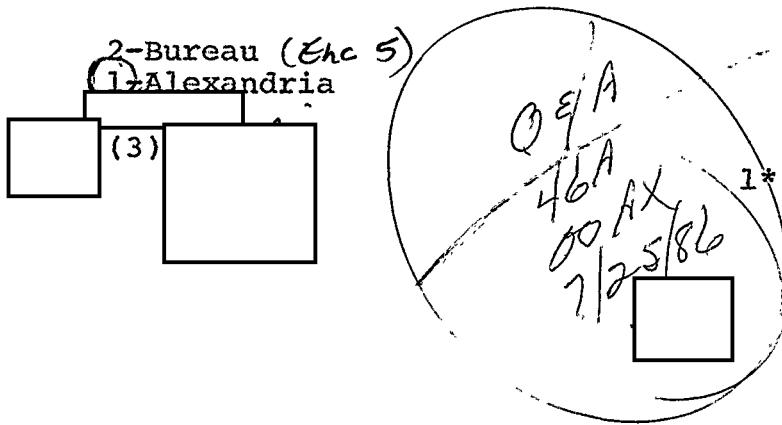
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UNKNOWN SUBJECTS;
\$27,000,000 IN HUMANITARIAN AID TO THE CONTRAS-NICARAGUA;
FAG-DEPARTMENT OF STATE
(OO:AX)

Enclosed for the Director are the original and four copies of a self-explanatory LHM.

As a matter of information, AMBASSADOR ROBERT W. DUEMLING, Director, Nicaraguan Humanitarian Assistance Office (NHAO), has agreed to be interviewed and to make available to the FBI NHAO documents pertaining to captioned matter on July 28, 1986.

LHM
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[redacted] 46A - 656-2 [redacted]

SEARCHED INDEXED
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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/30/86

[redacted] Staff Member, Subcommittee on Western Hemisphere Affairs, Committee on Foreign Affairs, House of Representatives, 709 House Annex One, Washington, D.C., 20515, [redacted] was advised that the official identity of interviewing agent and the purpose of the interview.

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[redacted] thereafter advised as follows:

The law Congress passed authorizing \$27 million in humanitarian aid to the Contras in Nicaragua required the President of the United States to establish a system to prevent diversion of those funds and it was a normal request for the Foreign Affairs Committee to ask the General Accounting Office (GAO) to audit and evaluate the procedures that the President put in place.

OTHER Congressional Executive Session

When GAO asked the Department of State to furnish the bank records necessary for that audit, the Department of State declined, claiming that it had no responsibility to track the funds beyond their deposit into the bank accounts of the brokers that represented the alleged suppliers of merchandise purchased for the Contras in Nicaragua.

[redacted]

[redacted] advised that the United Nicaraguan Opposition (UNO) is an independent organization representing the Contras that was set up as a front so the Administration can claim the Contras are organized and have a responsible democratic leadership. It was simply an effort to clean up the image of the Contras. UNO is headed by three people: ADOLFO CALERO, ARTURO CRUZ, and ALFONSO ROBELO. CRUZ and CALERO supposedly live in Miami and ROBELO is believed to reside in [redacted]. They are the political front group for the FDN (Nicaraguan Democratic Force), which

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Investigation on 7/21/86 at Arlington, Virginia File # 46A-656-3

by [redacted] Date dictated 7/22/86

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AX 46A-656

Continuation of FD-302 of [redacted], On 7/21/86, Page 2

[redacted] is the organization actually doing the Contra fighting. [redacted] is UNO's representative in [redacted], and his local telephone number is [redacted]. [redacted] advised that none of these individuals are operating as agents of a foreign government but as agents of an irregular foreign army. [redacted] was not knowledgeable as to whether or not they would be subject to the laws of the United States.

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[redacted] further advised that ARTURO CRUZ (telephone number (305) 361-2901 or (305) 361-1877) telephonically advised him a week or so ago that he wants to cooperate with the Subcommittee's investigation because UNO is innocent of any wrongdoing.

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[redacted] advised that the Subcommittee's analysis of the records subpoenaed indicated that it is not possible to trace the money to those who submitted invoices and there is a strong possibility the false invoices have been submitted to the United States Government. According to [redacted] where UNO got the invoices no one knows. Also, receipts for boots and other supplies were signed by the FDN commanders in the field, while there were numerous press reports indicating that the Contra commanders were complaining about non-receipt of goods that had been purchased for them.

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[redacted] also felt that there were possible banking law violations and stated that press reports have suggested that United States dollars were converted into Honduran currency at a rate that was more favorable to those making the conversion, thereby creating more money for the Contras than was authorized by Congress. [redacted] stated that the Department of State had changed their story about how currency was exchanged when they found out the way they had been doing it was illegal.

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[redacted] also indicated that GAO had found incidents where money was being paid directly to military commanders.

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[redacted] further stated that one of the bank accounts involved is owned by a Costa Rican - based seafood company that is alledged to be a front for a drug smuggling operation.

AX 46A-656

Continuation of FD-302 of [redacted]

, On 7/21/86 , Page 3

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FRIGORIFICOS de PUNTA RENAS is the name of the Costa Rican company involved and [redacted] indicated it is an account holder in a Miami bank. It's counterpart in the United States is a company called OCEAN HUNTER SEAFOOD, INCORPORATED, and the records analyzed so far indicate OCEAN HUNTER SEAFOOD, INCORPORATED made numerous deposits into the FRIGORIFICOS de PUNTA RENAS account. [redacted] is an authorized signer on the FRIGORIFICOS de PUNTA RENAS account and he is also [redacted] of OCEAN HUNTER SEAFOOD, INCORPORATED.

[redacted] indicated that there is some question as to where fact and fiction start and stop and he said there is a lot of movement of money between the United States and a company in the Cayman Island called BAC INTERNATIONAL.

[redacted] understood that this company is simply a mail drop.

[redacted] indicated that the Select Committee on Narcotics Abuse and Control has looked into the drug aspect of this program and that [redacted] is the [redacted] of that committee. Their information came from Senator CAREY's staff, which has done more investigation than anyone in Congress on the drug issue. [redacted] (CAREY's [redacted] is the person to contact for more information.)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/30/86

Subsequent to being advised of the official identity of the interviewing agent and the purpose of the interview, a conference was held with the following officials of the National Security and International Affairs Division/Security and International Relations, General Accounting Office (GAO):



Group Director
Evaluator
Evaluator
Senior Attorney, Office
of General Counsel

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According to the above officials, in October, 1985, Congressman MICHAEL BARNES, Chairman, Subcommittee on Western Hemisphere Affairs, requested their office audit the Department of States Management of the \$27 million in humanitarian aid that Congress authorized in 1985.

GAO indicated that during their investigation it was determined that a separate organization within the Department of State, known as the Nicaraguan Humanitarian Assistance Office (NHAO), was established to administer this program and that NHAO is located in Rosslyn, Virginia. Additionally, an independent organization known as the United Nicaraguan Opposition (UNO), was established by the Contras so that the Department of State could deal with one organization rather than the various resistance forces that exist in the Nicaraguan region.

GAO advised that UNO determines the type and quantities of goods and services to be purchased for the Contras and then submits to NHAO invoices and receipts for those goods. NHAO reviews that documentation to insure that the items being purchased fall within the guidelines of the humanitarian aid program and then submits a voucher to the Department of Treasury for payment of those invoices.

GAO advised that they are satisfied with the procedures and controls that the Department of State had in place to monitor the purchases made in the United States;

Investigation on 7/16/86 at Arlington, Virginia File # 46A-656

Alexandria

by _____ Date dictated 7/22/86

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AX 46A-656

Continuation of FD-302 of Conference, On 7/16/86, Page 2

however, that is not the case with the purchases made in the Nicaraguan region. GAO indicated that they have audited approximately 300 vouchers relating to purchases made in the region and that they have not been able to validate that a single one those transactions was either a legitimate or a fraudulent transaction. GAO stated that approximately \$26 million of the authorized amount has been spent to date and that the questionable purchases in the region account for approximately \$14 million of that total.

GAO stated that their final report will not result in any allegations of fraudulent activities on the part of NHAO but will reflect that the Department of State did not have in place the mechanisms to accomplish what they were required to do by law. It was GAO's opinion that NHO had done the best they could but that they had been given an impossible task in that there was no way for them to set up operations within the region to assess the validity of the regional receipts, establish reasonableness of prices, or verify actual delivery and receipt of merchandise purchased.

Another problem is that payment for goods purchased in the region normally is not made directly to the supplier. Instead, payment is usually made to a Miami bank account of one of several brokers authorized by the regional suppliers to act as their agents. The funds become co-mingled in the broker's accounts and there is no way to trace to payments from the broker's accounts to the individuals suppliers. According to GAO, the records available did not approve anything either way and the scenario could run from all of the transactions being fraudulent to none of the transactions being fraudulent.

46A-656-4

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[Redacted]	[Redacted]

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription.

8/12/86

Pursuant to arrangements made by [redacted] Branch Chief, Criminal Division, Fraud Section, DEPARTMENT OF JUSTICE (DOJ), a conference was held by the following individuals at the offices of the NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE (NHAO), 1701 Ft. Myer Drive, Room 228, Rosslyn, Virginia, telephone number [redacted]

ROBERT WERNER DUEMLING, Director, NHAO

[redacted] Office of Legal Council, DEPARTMENT OF STATE, telephone [redacted]

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[redacted]
 [redacted] Criminal Division, Fraud Section, DOJ

Special Agent [redacted] FEDERAL BUREAU OF INVESTIGATION, Alexandria, Virginia

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[redacted]

Investigation on 7/28/86 at Rosslyn, Virginia File #Alexandria 46A-656-6
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AX 46A-656

Continuation of FD-302 of Conference at NHAO

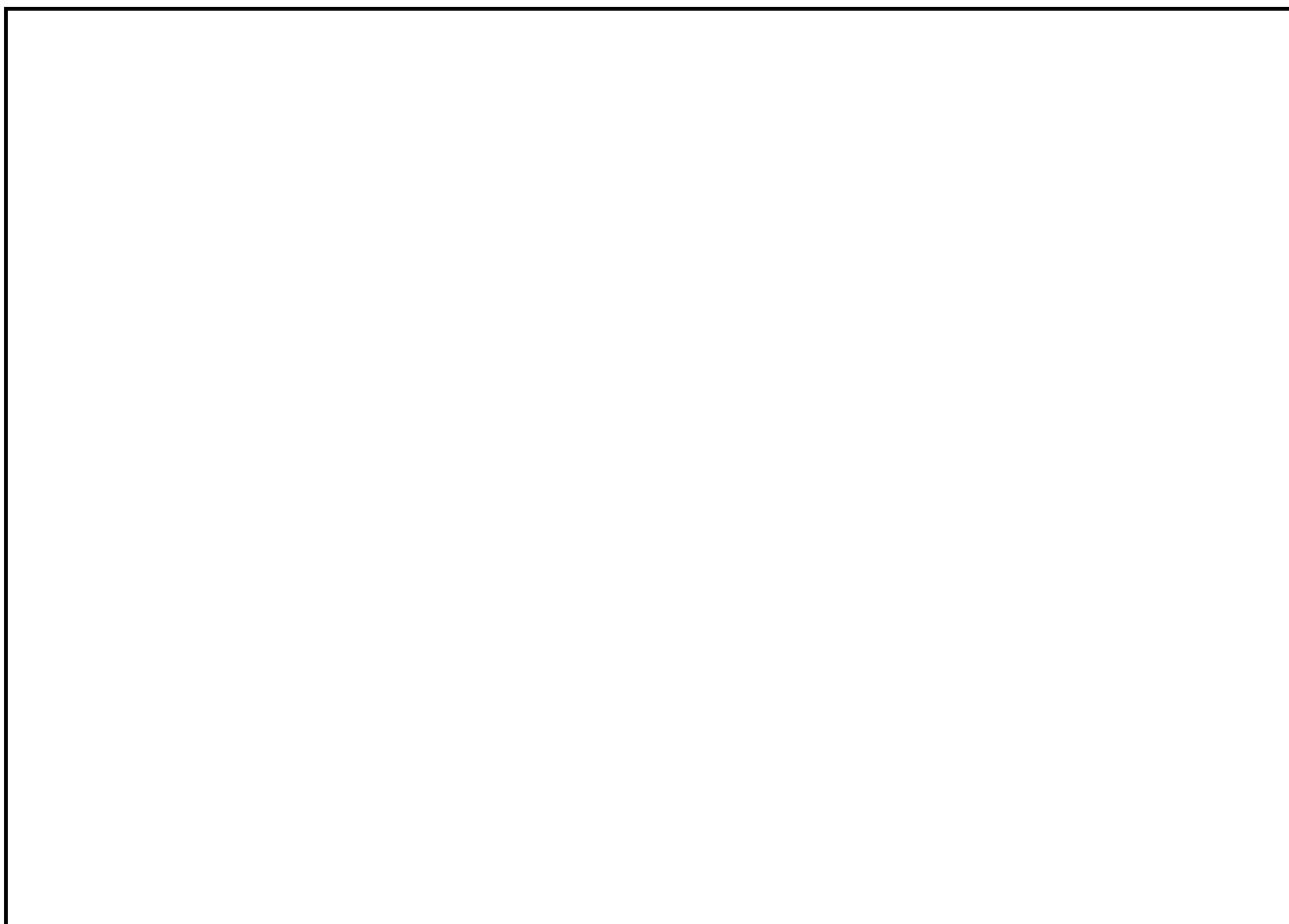
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Conference at NHAO _____, On 7/28/86, Page 3
Continuation of FD-302 of _____

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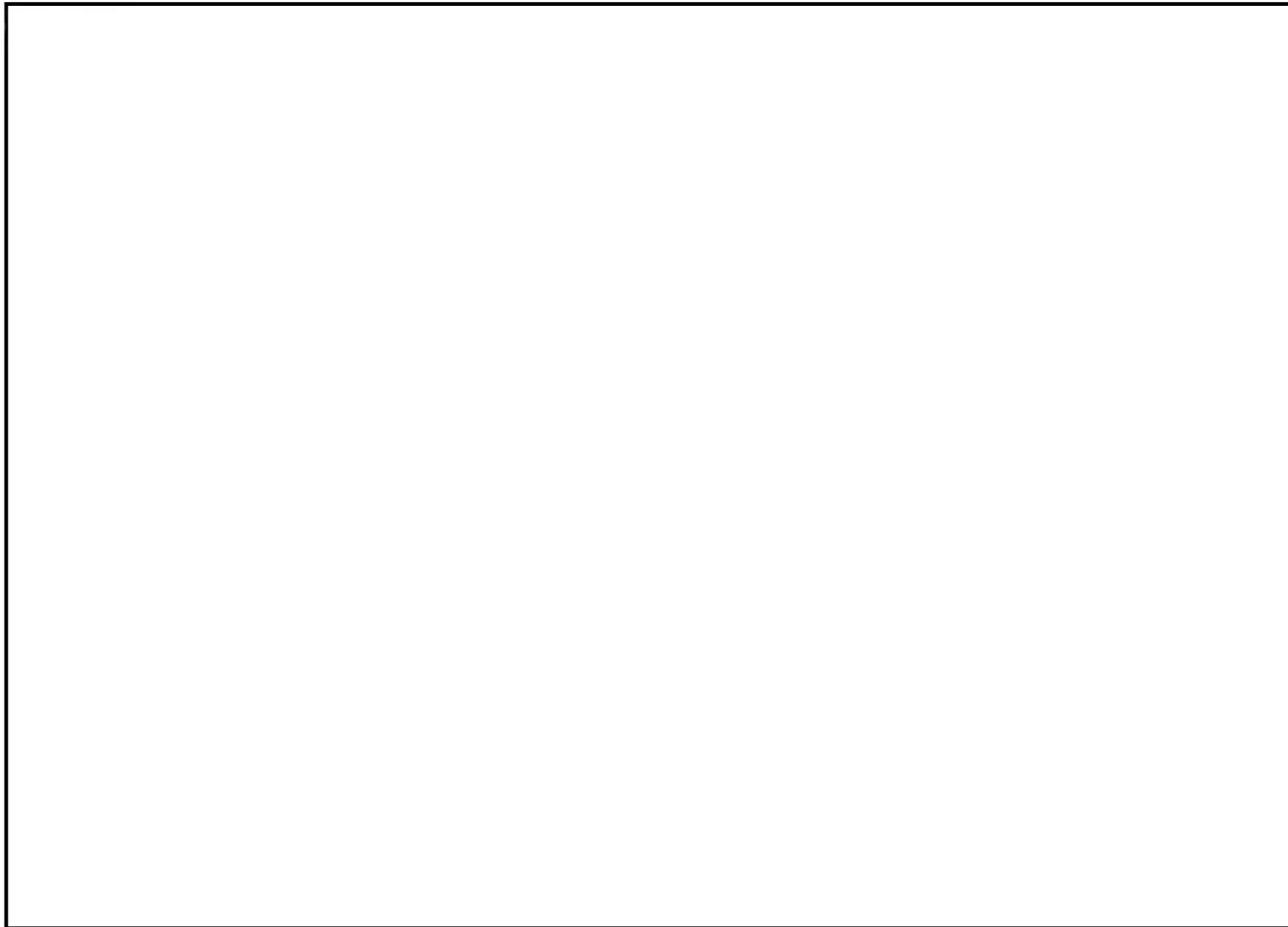
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AX 46A-656

Conference at NHAO

Continuation of FD-302 of _____, On 7/28/86, Page 4

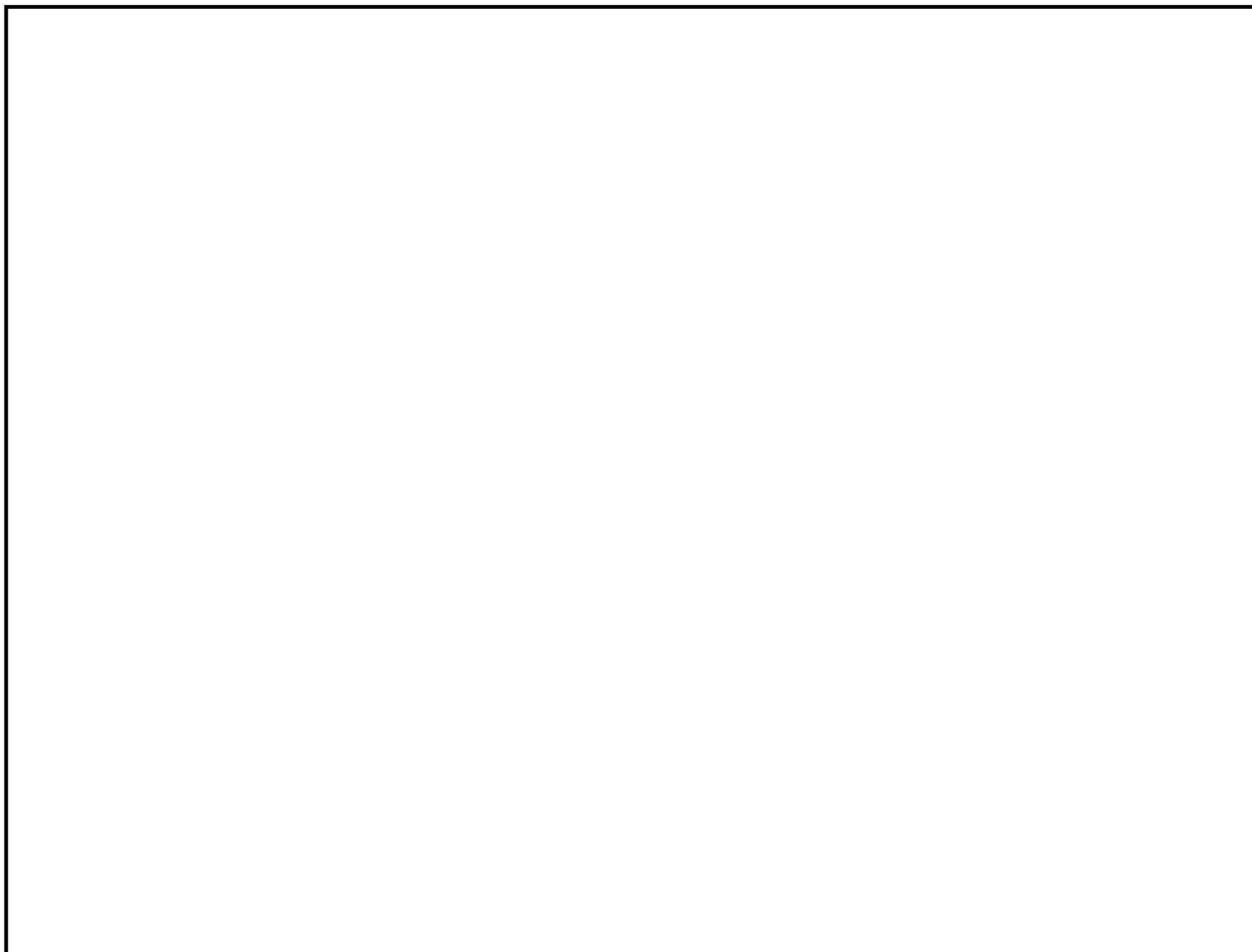
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AX 46A-656

Conference at NHAO

Continuation of FD-302 of _____, On 7/28/86, Page 5



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OTHER Congressional Executive Session

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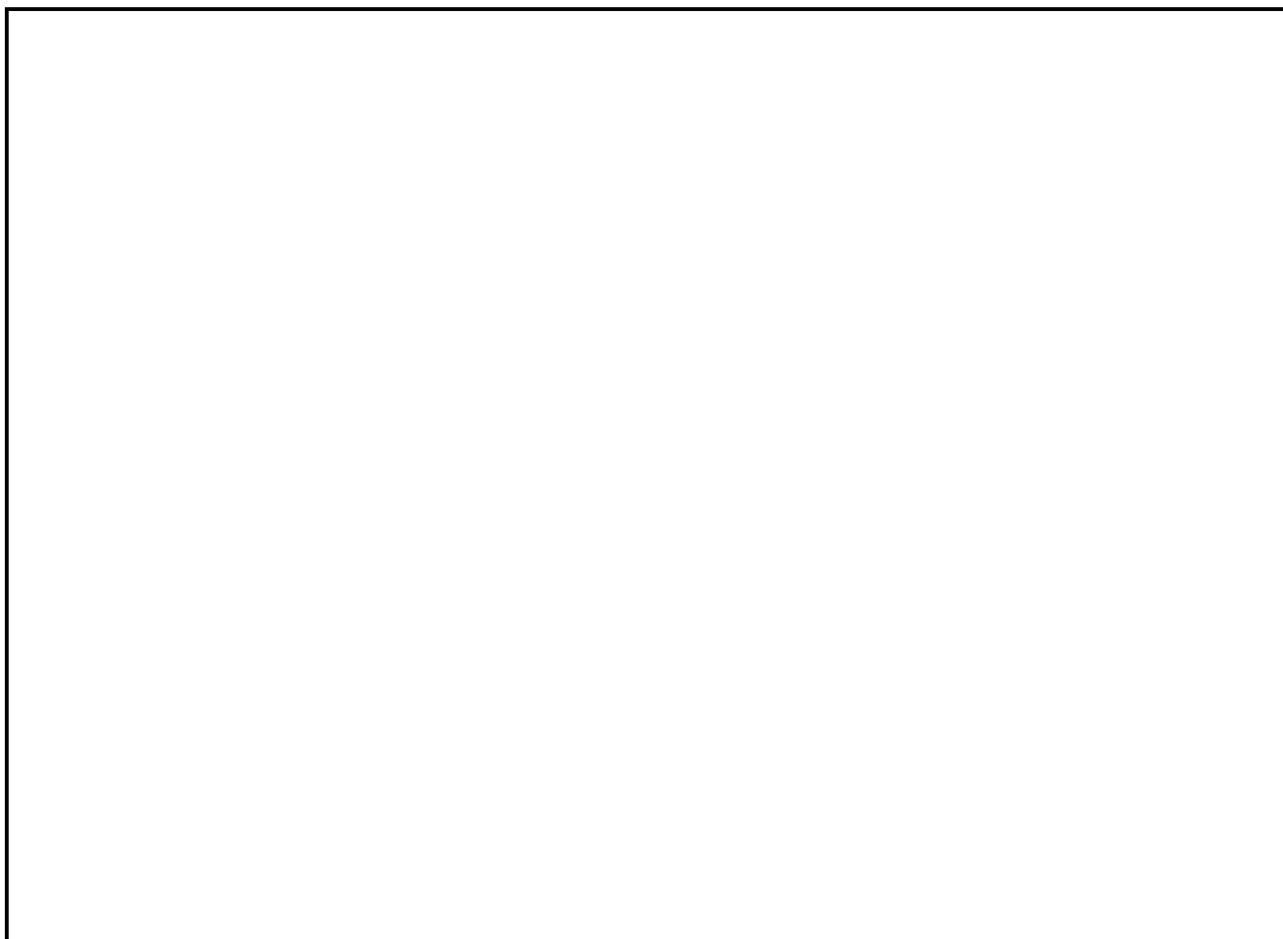
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Conference at NHAO

, On 7/28/86 , Page 6

Continuation of FD-302 of _____



OTHER Congressional Executive Session

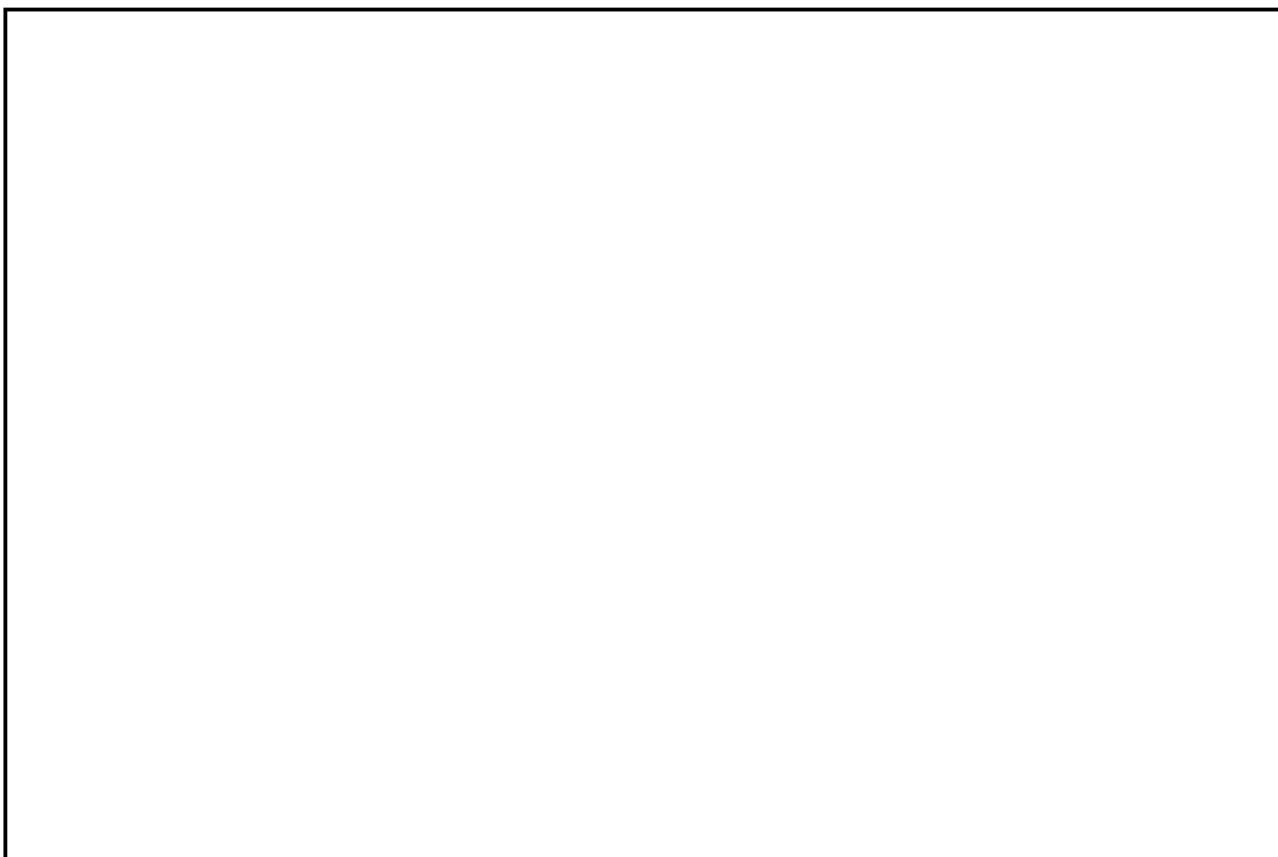
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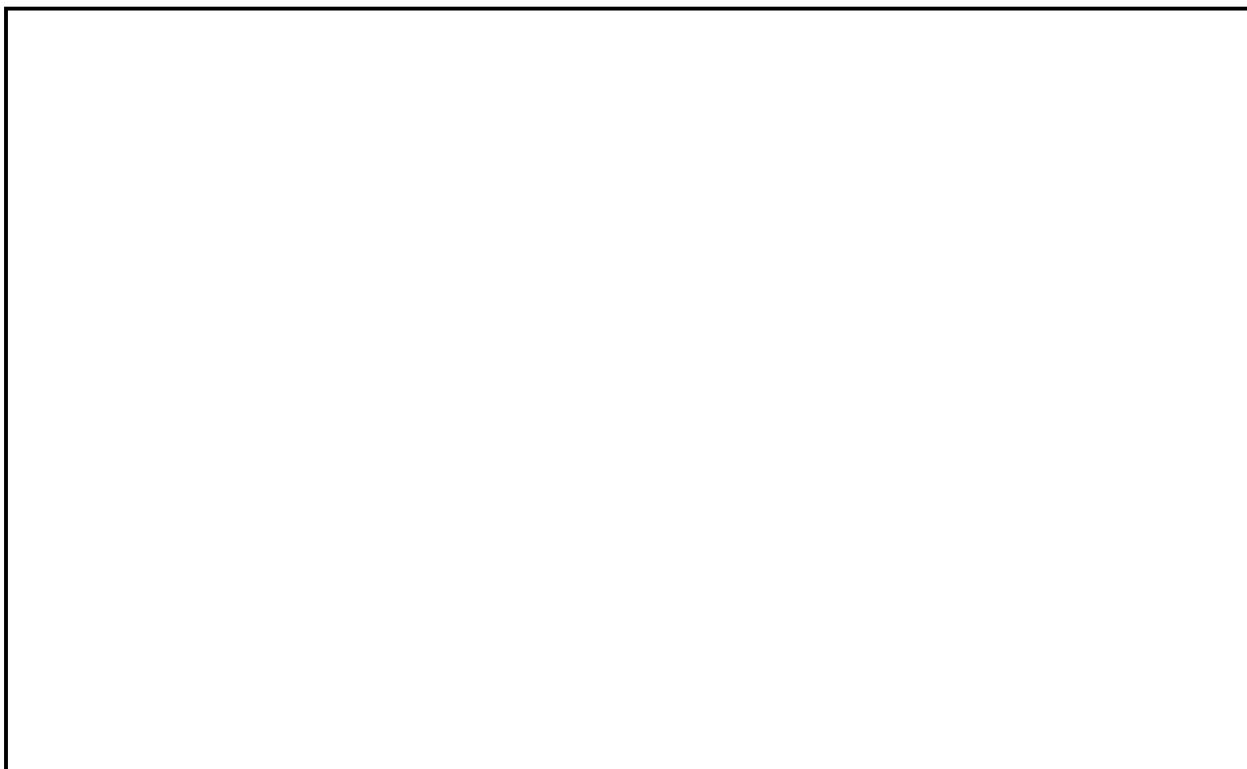
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Continuation of FD-302 of Conference at NHAO

, On 7/28/86, Page 7



AX 46A-656
Conference at NHAO

Continuation of FD-302 of _____, On 7/28/86, Page 8

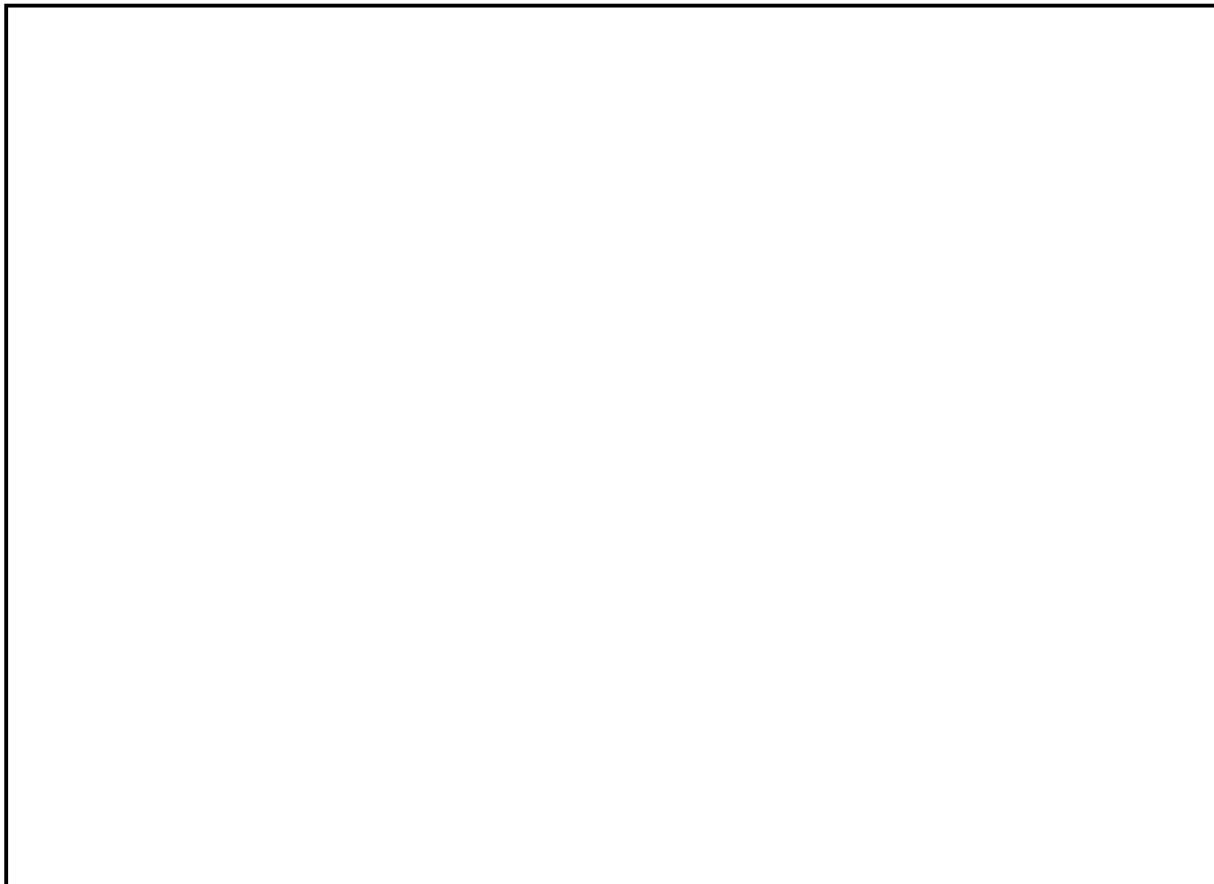


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AX 46A-656

Conference at NHAO

Continuation of FD-302 of _____, On 7/28/86, Page 9



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AX-46A-656

Conference at NHAO

Continuation of FD-302 of _____, On 7/28/86, Page 10



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FEDERAL BUREAU OF INVESTIGATION

8/13/86

Date of transcription.

[redacted] and [redacted] Evaluators, General Account Office (GAO), provided the following information to [redacted] and Special Agent [redacted] whom they knew to be representatives of the DEPARTMENT OF JUSTICE (DOJ) and FEDERAL BUREAU OF INVESTIGATION (FBI), respectively:

GAO advised that the [redacted] SETCO, and [redacted] accounts were not analyzed due to their records being either incomplete and/or illegible. GAO was not aware of what additional efforts the Foreign Affairs Committee had done to get better copies of those records. GAO was not aware of what the original subpoenas had called for but indicated that they did not receive any signature cards for the accounts subpoenaed.

GAO indicated that in their computer printouts, purchases of Nicaraguan currency, known as Cordobas, was classified for accounting purposes as food stuffs.

GAO advised that [redacted] Chief of Staff, Select Committee on Narcotics Abuse and Control, telephone number [redacted] should be contacted concerning alleged Contra involvement in drug trafficking activity.

GAO further advised that during their investigation, they made three trips, only two of which were written up, and they provided copies of those trip reports OTHER Congressional Executive Session

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GAO also made available a copy of a June 9, 1986, letter from [redacted] Acting Assistant Secretary, Legislative and Inter-Governmental Affairs, OTHER Congressional Executive Session DEPARTMENT OF STATE, addressed to the Honorable MICHAEL D. BARNES, Chairman, Sub-Committee on Western Hemisphere Affairs, Committee on Foreign Affairs, House of Representatives, with attachments, as well as [redacted]

Investigation on 7/31/86 at Arlington, Virginia File # Alexandria 46A-656

by [redacted] Date dictated 8/6/86

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46A-656-7

SEARCHED	<input type="checkbox"/>	INDEXED	<input type="checkbox"/>
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FBI - ALEXANDRIA			

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46A-656-8

SEARCHED INDEXED
SERIALIZED FILED

AUG 14 1986

FBI - ALEXANDRIA

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FEDERAL BUREAU OF INVESTIGATION

8/13/86

Date of transcription _____

[redacted] and [redacted] Evaluators, General Account Office (GAO), provided the following information to [redacted] and Special Agent [redacted] whom [redacted] and [redacted] knew to be representatives of the DEPARTMENT OF JUSTICE (DOJ) and the FEDERAL BUREAU OF INVESTIGATION (FBI) respectively.

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The NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE (NHAO), files contained basically two types of files:

Payment Files, which contain the vouchers (Standard Form 1034) supporting purchases made for the Contras; and the Company Files, which contain receipts and invoices for goods purchased from each of the suppliers. GAO advised that in preparing their audit, they used the payment files rather than the company files because they contain all of the documents supporting the vouchers. GAO indicated that they analyzed 100 percent of the payment files.

GAO indicated that they made a trip to Miami in January, 1986, and interviewed two coordinators for the UNITED NICARAGUAN OPPOSITION (UNO), [redacted] and [redacted]. They also spoke with [redacted] who is [redacted] of the FOUNDATION OF NICARAGUA, which is an organization responsible for caring for those wounded in battle. GAO indicated they would make available the trip reports which contained the results of those interviews.

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OTHER Congressional Executive Session

[redacted]

OTHER Congressional Executive Session

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Investigation on 7/29/86 at Rosslyn, Virginia File # Alexandria 46A-656

by SA [redacted] Date dictated 8/6/86

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AX 46A-656

and

7/29/86

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Continuation of FD-302 of

OTHER Congressional Executive Session

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GAO advised that they did not feel that there was any effective way to investigate whether or not the merchandise purchased ever made it to the field, and that most of the allegations centered on the southern region and involved either [redacted] farm or FRIGORIFICOS.

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FEDERAL BUREAU OF INVESTIGATION

8/14/86

Date of transcription _____

[redacted] Staff Member, Sub-Committee on Western Hemisphere Affairs, Committee on Foreign Affairs, House of Representatives, 709 House Annex 1, Washington, D.C. 20515, [redacted] provided copies of the following computerized printouts which [redacted] advised had been generated by the General Account Office (GAO):

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OTHER Congressional Executive Session

[redacted]

[redacted] also made available [redacted] that had been subpoenaed by the Foreign Affairs Committee, and an examination of those records determined the following files to be contained herein:

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OTHER Congressional Executive session

[redacted]

Investigation on 7/24/86 at Washington, D.C. File # Alexandria 46A-656-9

by [redacted] Date dictated 8/4/86

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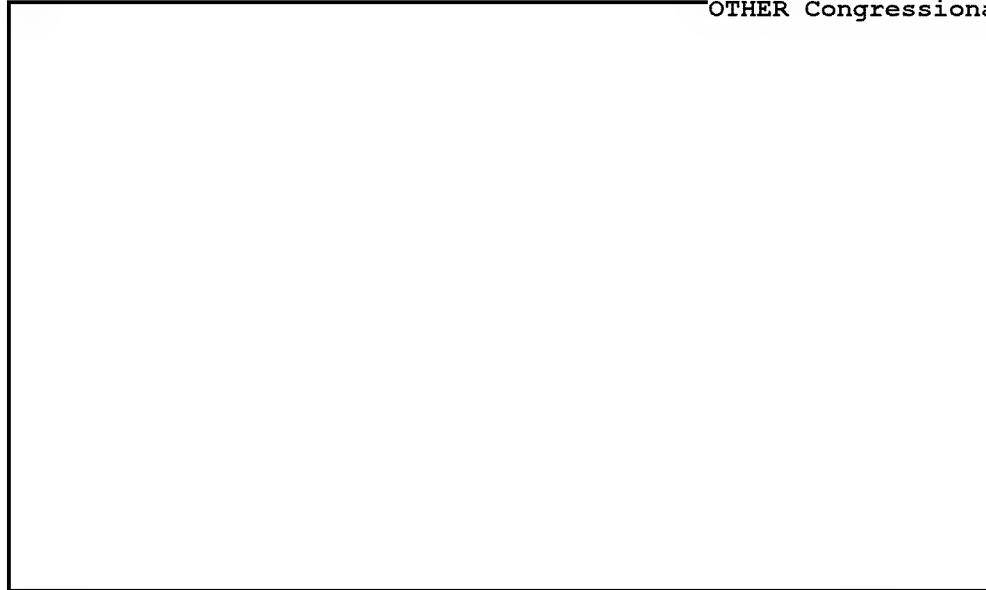
AX 46A-656

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Continuation of FD-302 of [redacted]

, On 7/24/86, Page 2

OTHER Congressional Executive Session



[redacted] further advised that the staff of the Senate Intelligence Committee had made a trip to Nicaragua to look into the Humanitarian Aid Program and that the results of that trip were published in the March 27, 1986, Congressional Record.

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46 A-656-9

SEARCHED	<input type="checkbox"/>	INDEXED	<input type="checkbox"/>
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AUG 14 1986			
FBI - ALEXANDRIA			

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FEDERAL BUREAU OF INVESTIGATION

OTHER Congressional Executive Session

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8/15/86

Date of transcription _____

[redacted] Staff Consultant, Sub-Committee on Western Hemisphere Affairs, Committee on Foreign Affairs, House of Representatives, 709 House Annex 1, Washington, D.C. 20515. [redacted] provided the following information to [redacted] and Special Agent [redacted] whom [redacted] knew to be representatives of the DEPARTMENT OF JUSTICE (DOJ) and FEDERAL BUREAU OF INVESTIGATION (FBI), respectively.

[redacted] indicated that in her examination of [redacted] the Sub-Committee on Western Hemisphere Affairs (SWHA) subpoenaed, she discovered the following [redacted]

OTHER Congressional Executive Session

3. [redacted] provided a copy of a NEW YORK TIMES article dated June 21, 1986, entitled, "Ex-Officers Acuse Contra Chiefs of Siphoning Off U.S. Aid Money" [redacted]

OTHER Congressional Executive Session

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46A-656-11

SEARCHED	INDEXED
SERIALIZED	FILED
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FBI - ALEXANDRIA	

Investigation on 8/7/86 at Washington, D.C. File # Alexandria 46A-656

by SA [redacted] Date dictated 8/14/86

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OTHER Congressional Executive Session

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AX 46A-656

7/7/86

2

Continuation of FD-302 of _____

, On _____

, Page _____

indicated some of the commanders that have recently left the Contra forces might be willing to provide information about other commanders claiming they have more troops on hand than they actually do just so they can acquire more money.

4. [redacted] also provided a copy of a May 9, 1986, article from the MIAMI HERALD entitled, "Grocery Allegedly Bilks U.S. of Contra Aid," as well as [redacted]

[redacted]
also provided a copy of a June 19, 1986, article by ANDRES OPPENHEIMER and TIM GOLDEN

5. [redacted]

6. [redacted]

7. [redacted]

8. [redacted]

9. [redacted]

AX 46A-656

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Continuation of FD-302 of [redacted]

, On 7/7/86, Page 3

OTHER Congressional Executive Session

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14. Concerning questionable currency transactions, [redacted] provided copies of two articles, one by ROBERT PERRY and BRIAN BARGER and one by WILLIAM R. LONG, that provided pertinent details.

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15. Concerning allegations of drug running, [redacted] indicated the information contained in the [redacted] Civil Complaint, would provide pertinent details. [redacted] also stated [redacted] of Senator CARRY's Office, would be the individual most knowledgeable concerning the Senate investigation that has been conducted concerning drug running allegations.

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OTHER Congressional Executive Session

17.

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[redacted] provided the following information about the individuals listed:

OTHER Congressional Executive Session

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AX 46A-656

Continuation of FD-302 of

7/7/86

4

On _____, Page _____

FDN.

for UNO.

[redacted] for the Contras;
friend of ADOLFO CALERO.

[redacted] Runs the Contra [redacted]

[redacted] in Miami (real
name, [redacted] brother of [redacted])[redacted]; entire family is close to CALERO; [redacted]
represents UNO in [redacted]

[redacted]; wife of [redacted]

[redacted]; CALLERO's [redacted] married to
[redacted] who is the brother of [redacted]
[redacted], who is [redacted] CALLERO in
the FDN.[redacted] of the POPULAR BANK
and the BAC BANK in the Cayman Islands.

[redacted] of KISAN-North.

[redacted] may be
his last name rather than his first name).[redacted] of SUPERMERCADO; [redacted]
from the National Party.[redacted] Honduran citizen that owns a
[redacted].[redacted] and [redacted] names mentioned
in the previously described [redacted] civil complaint.
[redacted]

OTHER Congressional Executive Session
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AX 46A-656

Continuation of FD-302 of [redacted]

, On 7/7/86 , Page 5

[redacted] advised that [redacted] and that they would provide [redacted] that appeared to be of interest in the investigation being conducted by the SWHA. [redacted] indicated that [redacted] were supposed to be returned to [redacted] within the next couple of weeks; however, if the FBI and/or DOJ so desired, the SWHA would attempt to retain those cards indefinitely.

[redacted] also provided copies of the following documents which she felt contained pertinent information:

1. December 27, 1985, WASHINGTON POST article entitled, "Nicaragua Rebels Linked to Drug Trafficking."
2. May 5, 1986, NATIONAL PUBLIC RADIO PRESS Advisory.
3. Undated article by ROBERT PERRY entitled, "Contras, Stunned by Complaints, Plan Shake-up."
4. May 9, 1986, article entitled "Reports Say Hondurans are Skimming "Contra" Aid."
5. DENNIS VOLMAN article entitled, "Top Contras Under Scrutiny for Corruption."
6. May 7, 1986, NEW YORK TIMES article entitled "Contras Cleared on Gun Running."
7. May 9, 1986, article by WARREN RICHEY, entitled, "Justice Officials Find No Crime Link to "Contra" Leaders."

OTHER Congressional Executive Session

8. [redacted]

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OTHER Congressional Executive Session
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AX 46A-656

Continuation of FD-302 of [redacted]

, On 7/7/86, Page 6



FEDERAL BUREAU OF INVESTIGATION

8/15/86

Date of transcription _____

[redacted] Evaluator, General Accounting
Office, Room 1C745, The Pentagon, Arlington, Virginia,
[redacted], provided a 3M Diskette entitled, "Contra
Files formatted 7/9/86."

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Investigation on 8/7/86 at Arlington, Virginia File # Alexandria 46A-656 - P
[redacted] Date dictated 8/7/86

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FEDERAL BUREAU OF INVESTIGATION

8/15/86

Date of transcription _____

[REDACTED] Operations Officer, NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE (NHAO), Federal Mediation and Conciliation Service Building, 8th Floor, 21st and K Street, N.W., Washington, D.C., [REDACTED], provided the following information to [REDACTED] and Special Agent [REDACTED] who [REDACTED] knew to be representatives of the DEPARTMENT OF JUSTICE (DOJ) and FEDERAL BUREAU OF INVESTIGATION (FBI), respectively.

[REDACTED] advised NHAO investigation had determined that the supporting documents that resulted in a \$25,870.18 payment to FRIGORIFICOS DE PUNTARENAS, S.A., on behalf of CREACIONES FANCY were fraudulent. [REDACTED] stated the KISAN element of the UNITED NICARAGUAN OPPOSITION (UNO), had admitted submitting the fraudulent documents that supported this payment and they also admitted to having used the \$25,870.18 to buy arms and ammunition to support the Contra fighting forces.

[REDACTED]
[REDACTED]

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Investigation on 8/6/86 at Washington, D.C. File # Alexandria 46A-656-13
 by [REDACTED] Date dictated 8/7/86

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AX 46A-656

Continuation of FD-302 of [redacted]

, On 8/6/86 , Page 2

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[redacted]
[redacted] advised [redacted] is the [redacted] of PRIGORIFICOS DE PUNTARENAS and NHAO did not feel he knew that the documents submitted by KISAN were fraudulent.

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In connection with that transaction, [redacted] provided a copy of invoice #4070 from CREACIONES FANCY which he said replaced the pro forma invoice that originally been had provided for this transaction. [redacted] stated pro forma invoices were only used in the beginning by NHAO and that NHAO eventually returned all of the pro forma invoices back to the suppliers and asked they be replaced by invoices stating exactly what was purchased and received.

[redacted] stated if additional details were desired concerning the above desired transaction, Ambassador DEUMLING and [redacted] Attorney for the Latin American Bureau, DEPARTMENT OF STATE (DOS), would be the individuals to contact.

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[redacted] made available for review, a NHAO file entitled, "Authorizations for Payment" and advised NHAO had learned the names contained on numerous of those authorizations were fictitious names used by people who did not want it generally known they were associated

AX 46A-656

Continuation of FD-302 of [redacted]

, On 8/6/86 , Page 3 b6
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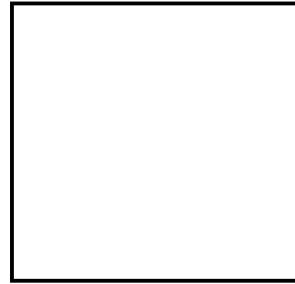
with the Contras. [redacted] stated that whenever such fictitious names were used on the authorizations, they were normally placed in quotation marks.

When questioned as to the identity of UNO officials that certified as to the receipt of goods purchased for the Contras under the Humanitarian Aid Program, [redacted] made available copies of the authorizing signatures for the three elements of UNO as follows:

FDN:

FARN:

KISAN:



[redacted] indicated that a review of all 380 NHAO payment files would reveal a few other signatures for these elements of UNO; however, the above mentioned individuals signed the greatest majority of the certifications.

[redacted] advised he was not surprised at the fraudulent documents being submitted by KISAN because they had admitted to stealing cattle to buy arms prior to NHAO being established. [redacted] felt KISAN probably used the money to buy arms from Costa Rican soldiers who had stolen them from the Costa Rican Army.

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AX 46A-656

Continuation of FD-302 of [redacted]

, On 8/6/86 , Page 4

[redacted]

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[redacted] indicated the NHAO grants that were made to FUNDACION were for the following four projects that FUNDACION is involved in:

1. They provide financial support for the Medical Corps of FDN. FUNDACION gets the money as an advance, and then they provide receipts for what the money was used for in order to clear the advance.
2. FUNDACION also operates a Hostel where patients undergoing reconstructive plastic surgery live when they get out of the hospital.
[redacted] indicated that [redacted] handles all of the costs involved in this program, and it is he that provides all of the receipts for funds expended.
3. FUNDACION, until recently, also operated a clinic in Costa Rica.
4. FUNDACION also used NHAO-provided funds to administer a Human Rights Program.

[redacted] indicated NHAO had requested affidavits from all of the suppliers as to the receipt of goods purchased with the Humanitarian Aid funds and, to date, they had received approximately 20 such affidavits.

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Concerning the transactions wherein Cordobas were purchased, [redacted] advised there was very little backup for those transactions. [redacted] stated [redacted] or [redacted] would certify as to the receipt and the amount of [redacted] needed was based on an estimate of Troop

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AX 46A-656

Continuation of FD-302 of [redacted]

, On 8/6/86 , Page 5

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Unit Strength. [redacted] indicated that the troops were supposed to use the Cordobas to buy food while on manuvers; however, there was no way to know what the troops actually spent the money on.

[redacted] also provided a one page document entitled, "Payments to NHAO Suppliers into U.S. Bank Accounts, as of August 1, 1986" and a four page document entitled, "Miami Accounts as of June 20, 1986."

X Airtel

8/18/86

TO: DIRECTOR, FBI
(ATTN: GOVERNMENTAL FRAUD UNIT, CID)
FROM: SAC, ALEXANDRIA (206-300)

DEPARTMENT OF JUSTICE
FRAUD AND CORRUPTION
TRACKING (FACT) SYSTEM

Enclosed for FBIHQ are four forms CRM-162 for inclusion in captioned system, pertaining to the following Alexandria file numbers:

46A-656
206A-342
206A-344
206A-349

2-Bureau (Enc 4)
5-Alexandria
(1-46A-656)
(1-206A-342)
(1-206A-344)
(1-206A-349)
(1-206-300)

[Redacted]
[Redacted] 77 [Redacted]

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46A-656-14

SEARCHED INDEXED
SERIALIZED FILED

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FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 8/19/86

[redacted] and [redacted]
Officials of the Nicaraguan Humanitarian Assistance Office (NHAO), Federal Mediation and Conciliation Service Building, 2100 K Street Northwest, 8th Floor, Washington, D.C. 20037, [redacted] (hereinafter referred to as NHAO), provided the following information to [redacted] and [redacted] [redacted] whom they knew to be representatives of the DEPARTMENT OF JUSTICE (DOJ) and FEDERAL BUREAU OF INVESTIGATION (FBI) respectively.

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[redacted]

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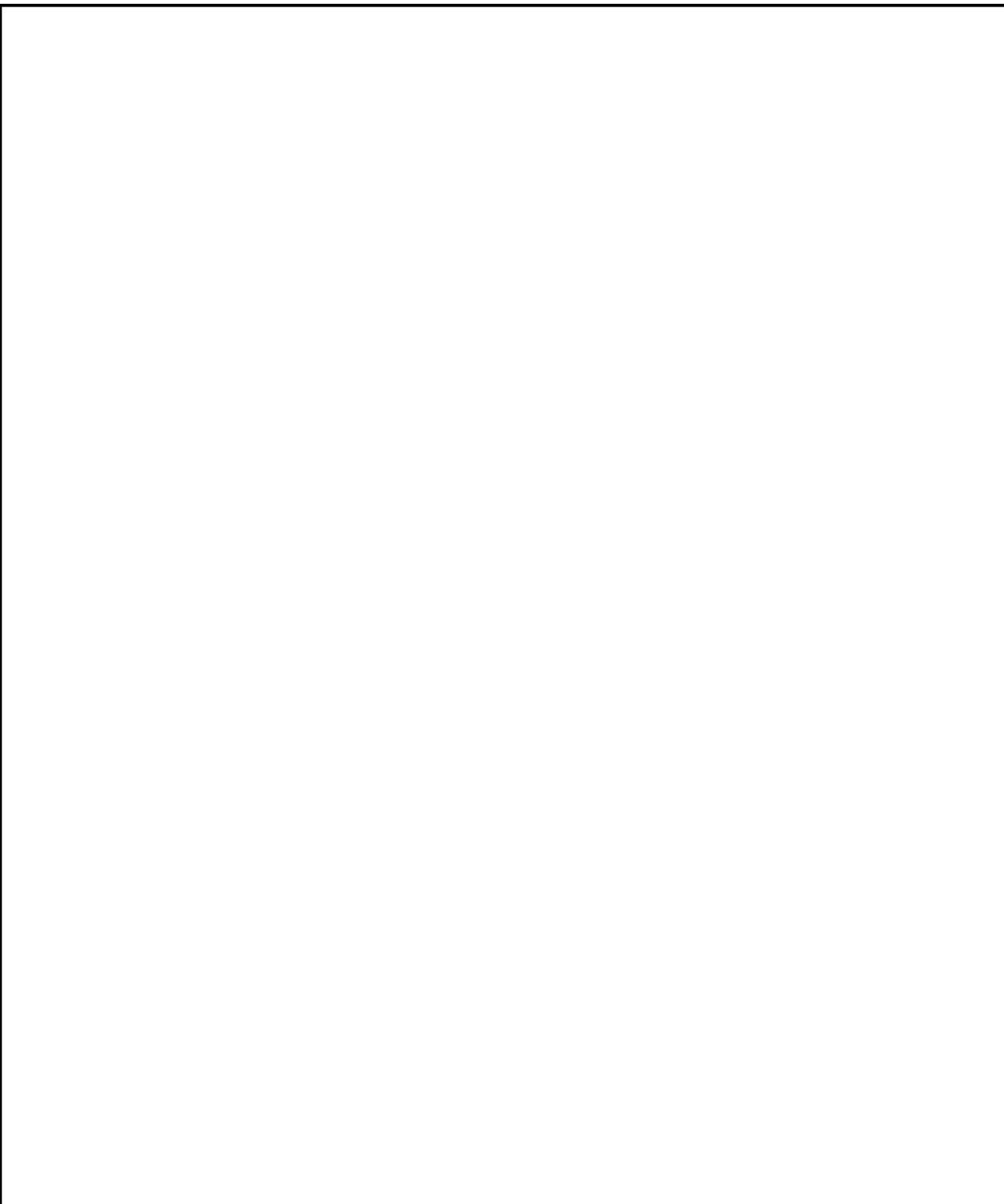
[redacted]

Investigation on 8/8/86 at Washington, D.C. File # AX 46A-656 - 15
by [redacted] Date dictated 8/11/86

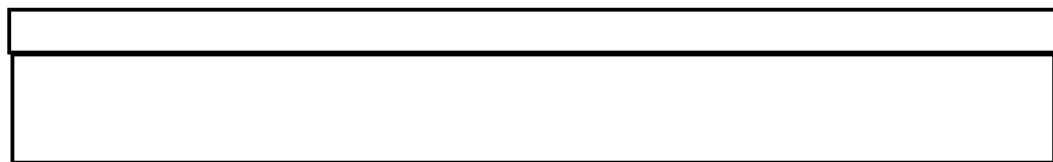
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AX 46A-656

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AX 46A-656

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TRANSMIT VIA: AirtelCLASSIFICATION: UnclassifiedDATE: 8/21/86

FROM: Director, FBI

TO: SAC, Alexandria (46A-656)

UNSUBS;
\$27,000,000 IN HUMANITARIAN AID
TO THE CONTRAS-NICARAGUA;
FAG-DOS;
OO: ALEXANDRIA

ReAXtel to Director, dated 7/23/86 and Butelcal from
Supervisory Special Agent (SSA) [redacted] to SA [redacted]
[redacted] Alexandria on 8/11/86.

Bureau indices were reviewed with regard to the United
Nicaragua Opposition, [redacted] Arturo Cruz, and Adolfo
Calero without any pertinent information being identified.
Indices check regarding [redacted] contains the following
information:

On 5/4/60, Alfonso Robelo, [redacted]
[redacted] was interviewed by
the FBI. At the time of his interview, Robelo had just returned
from Havana, Cuba, where he had met with other Nicaraguan
students for discussion of a proposed revolutionary expedition to
be launched against the Nicaraguan Government. At the time of
Robelo's interview, he was cooperative and provided excellent
background information regarding the situation in Nicaragua. He
furnished the following descriptive information regarding
himself: Name: Alfonso Robelo, aka Luis Alfonso Robelo, Alfonso
Luis Robelo; DOB: [redacted] POB: Leon, Nicaragua;
Nationality: Nicaraguan; Address: [redacted]
Nicaragua; Race: White; Sex: Male; Hgt: 5'9"; Wt: 165 lbs.;
Hair: Black; Eyes: Brown; Martial Status: Single; Physical
Characteristics: Wears heavy, dark-rimmed glasses;
Occupation: student; Parents: father-Stesarr Robelo, mother-Elisa
Callejasde Robelo. A review of the interview reveals that Robelo
met [redacted] who was in Havana for the same purpose. It is
not known if this individual is identical to Adolfo Calero
referred to in this matter. Calero is described only as a
Nicaraguan national, white, [redacted] years of age in 1960, 6 ft.,
200 lbs, light complexion.

A-1-A-1-B-1-C-1-D-1-E-1-F-1-G-1-H-1

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/25/86

ROBERT W. DUEMLING, Director, NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE (NHAO), advised that even though the law passed by Congress authorizing \$27 million in Humanitarian Aid to the Nicaraguan Contras [redacted]

[redacted]

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[redacted]

DUEMLING also stated that even though the KISAN element of the United Nicaraguan Opposition (UNO) only had approximately 200 fighting members, in January and February, 1986, they were attempting to recruit additional members into their forces and purchased approximately 2000 uniforms, as well as other types of materiel support in an attempt to attract those individuals into the KISAN group.

DUEMLING further advised that [redacted]

[redacted]

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DUEMLING also stated that the United States Embassy in Tegucigalpa, Honduras, was the source of the explanation he received concerning the [redacted] transaction.

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Investigation on 8/12/86 at Arlington, Virginia File # Alexandria 46A-656 17

by [redacted]

Date dictated 8/14/86

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b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/3/861

[redacted] Country Officer for Nicaragua,
 UNITED STATES DEPARTMENT OF STATE (DOS), 2201 C Street
 NW, Room 4915, Washington, D.C. 20520, [redacted]
 was advised of the identity of the interviewing agent
 and the purpose of the interview.

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[redacted] was provided the following list of individuals
 and was requested to provide whatever biographical information
 DOS had on them:

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[redacted] advised that she was not in possession
 of any biographical information pertaining to any of these
 individuals and suggested that [redacted]
 [redacted]

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[redacted] also advised that [redacted]
 could also provide information about [redacted] and
 [redacted]

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Investigation on 8/14/86 at Washington, D.C. File Alexandria 46A-656-10

by [redacted]

Date dictated 8/14/86b6
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FEDERAL BUREAU OF INVESTIGATION

1

9/2/86

Date of transcription _____

[redacted] Deputy Logistics Officer, NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE (NHAO), provided the following information to [redacted] whom he knew to be a Special Agent (SA) of the FEDERAL BUREAU OF INVESTIGATION (FBI):

Concerning the \$8100 that NHAO paid for freight on 6800 pairs of boots purchased from REDIGUA, [redacted] advised that NHAO investigation had determined that at the time this payment was made, the boots had not actually yet been delivered but were in a warehouse in Guatemala awaiting air transport to Honduras. [redacted] advised that before that air transportation could be arranged the boots were piggy-backed on another shipment at no cost to NHAO; therefore, NHAO requested and received a full refund of the \$8100.

[redacted] advised that NHAO verified that the boots were actually received.

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Investigation on 9/26/86 at Washington, D.C. File #Alexandria 46A-656-10
 [redacted]

b1 Date dictated 8/29/86

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b7C

FEDERAL BUREAU OF INVESTIGATION

1

9/2/86

Date of transcription _____

[redacted] Deputy Logistics Officer, NICARAGUAN
 HUMANITARIAN ASSISTANCE OFFICE (NHAO), made available copies
 of the following documents:

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November 5, 1985, voucher #LD14 \$16,763.50
 November 5, 1985, voucher #LD18 \$45,035.37
 January 24, 1986, voucher #LD110 \$25,870.18,
 with two attached receipts
 dated August 14, 1986, indicating
 full reimbursement to NHAO
 for the amount of this voucher
 August 19, 1986, memorandum from [redacted]
 concerning "Follow Up To [redacted]
 [redacted] Account"
 January 31, 1986, voucher #LD123 \$56,745.06
 August 20, 1986, letter from [redacted]
 to FERNANDO CHAMORRO R. with
 attachments, concerning the
 delivery of 2150 uniforms
 Four pages containing copies of [redacted]
 receipts #0131, 0123, 0124, 0127,
 0129, 0128

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Investigation on 8/25/86 at Washington, D.C. File # Alexandria 46A-656-20

by [redacted]

Date dictated 8/29/86b6
b7c

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription _____

9/2/86

[redacted] Deputy Director, NICARAGUAN HUMANITARIAN
ASSISTANCE OFFICE (NHAO), advised that the [redacted]
[redacted]

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[redacted]
[redacted]

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[redacted]
[redacted]

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[redacted]
[redacted]

b6
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b7E

[redacted] advised that it was not NHAO responsibility
to question these secondary suppliers [redacted]
[redacted]

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[redacted] requested that he not be revealed as the
source of the above information.

Investigation on 8/26/86 at Washington, D.C. File #Alexandria 46A-656-21
by [redacted] Date dictated 8/29/86

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FEDERAL BUREAU OF INVESTIGATION

9/2/86

Date of transcription _____

[redacted] Deputy Logistics Officer, NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE (NHAO), provided copies of the following documents to [redacted] whom [redacted] knew to be a Special Agent (SA) of the FEDERAL BUREAU OF INVESTIGATION (FBI):

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Trip report of NHAO Director ROBERT W. DUEMLING concerning visit to Honduras on April 14-18, 1986

Trip report of DUEMLING concerning a visit to New Orleans on February 10, 1986

Trip report of DUEMLING concerning a visit to San Jose Costa Rica on November 24-26, 1985

March 12, 1986 letter from [redacted] Deputy Assistant Attorney General, Criminal Division, U.S. DEPARTMENT OF JUSTICE, to [redacted] Assistant Legal Advisor, Law Enforcement and Intelligence, U.S. DEPARTMENT OF STATE, concerning NHAO request for information, with attachments

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Trip reports for [redacted] concerning trips made on November 13-23, October 28-31, December 4-6, December 10-12, December 14-20, December 30-31, January 10-17, January 22-25, February 5-8, April 1-5, April 25-May 4, with attachments

May 16, 1986, memorandum from DUEMLING to [redacted] [redacted] concerning Substandard Jungle Boots furnished to NHAO

June 17, 1986, memorandum to Ambassador [redacted] from [redacted] concerning Results of Honduran Investigation and Two Reports of the Commander of Armed Forces Receiving NHAO Funds

Investigation on 8/26/86 at Washington, D.C. File #Alexandria 46A-656-22

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Date dictated _____

8/29/86

Continuation of FD-302 of [redacted]

AX 46A-656

, On 8/26/86

, Page 2

June 13, 1986, letter in Spanish from [redacted]
[redacted] to [redacted]

Undated letter to [redacted] from [redacted]
[redacted] concerning Letters
to [redacted] Regarding
General [redacted] and the Humanitarian
Assistance Funding

Undated three page memorandum entitled "SUBJECT:
Honduran Armed Forces Reaction
To Allegation Of Corruption"

October 17, 1985, voucher #LD11 \$243,750

June 23, handwritten note of DUEMLING concerning
payments from [redacted]
to the Honduran Armed Forces
with attachments

October 31, 1985, voucher #LD19 \$108,100, with
attachments

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FEDERAL BUREAU OF INVESTIGATION

9/2/86

Date of transcription _____

ROBERT DUEMLING, [REDACTED] and [REDACTED]
 Officials of the NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE
 (NHAO), provided the following information to [REDACTED]
 [REDACTED] whom they knew to be a Special Agent (SA) of the
 FEDERAL BUREAU OF INVESTIGATION (FBI):

[REDACTED]

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NHAO was told by the DEPARTMENT OF STATE that
 UNO needed 2,000 uniforms to attract the ARDE troops to
 KISAN. [REDACTED] at the DEPARTMENT OF STATE (DOS) [REDACTED]
 [REDACTED]

[REDACTED] is another
 DOS employee that is knowledgeable about this matter.

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NHAO Officials advised that KISAN recently made full restitution in the amount of \$25,870.18 for the November 26, 1985, payment that NHAO made to KISAN ostensibly for clothing, even though KISAN Officials [REDACTED] and [REDACTED] had admitted to spending only \$15,000 of that amount for arms and ammunition. KISAN was unable to provide receipts for the \$10,000 they claim was actually spent on uniforms; therefore, NHAO insisted on and received full restitution.

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Concerning the [REDACTED] transaction, NHAO Officials advised that receiving report #0023 dated January 13, 1986, indicates that [REDACTED] delivered the uniforms to FARN on January 28, 1986; however, an August 20, 1986, letter from [REDACTED] to UNO indicated that the uniforms were delivered on January 25, January 28, February 8, and

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Investigation on 8/25/86 at Washington, D.C. File # Alexandria 46A-656-23

by [REDACTED]

Date dictated 8/29/86

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Continuation of FD-302 of ROBERT DUEMLING AX46A-656, On 8/25/86, Page 2

February 26, 1986.

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NHAO Officials provided the following translation of the [redacted] LETTER to FERNANDO CHAMORRO R. of UNO: "Dear Commander: By this means and in response to your request I am confirming in effect that a total of 2150 uniforms were delivered but only 2000 were charged for. This is based on the fact that our suppliers delivered an additional 150 uniforms free of charge.

I also confirm to you the cost breakdown of the uniforms:

Fabric	990.00	Colones (Costa Rican Currency)
Thread	32.50	Colones
Buttons	189.00	Colones
String	14.00	Colones
Netting	280.00	Colones
Others	2.50	Colones
<hr/>		
Total	1508.00 Colones	

The deliveries were made the January 25 and January 28, February 7, February 8, February 26, 1986.

Hoping I have answered your request, I remain truly yours. [redacted]

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Concerning the Abastecedor El Puente transaction, NHAO Officials advised that the error appearing on the summary sheet for the week ending February 21, 1986, occurred as a result of NHAO'S decision to include payment to more than one supplier on one single voucher. To facilitate the explanation of this transaction, NHAL Officials provided copies of the November 5, 1985, voucher #LD14 in the amount of \$16,763.50; the November 5, 1985, voucher #LD18 in the amount of \$45,035.37; Weekly Summary Sheet for the Week Ending February 21, 1986; and Weekly Summary Sheet for the Week Ending March 21, 1986.

NHAO Officials pointed out that according to the two vouchers, ALMACEN UPALA sold \$26,766.32 in food stuffs to UNO; Abastecedor El Puente sold \$15,906.78 in food stuffs, sundries, and clothing to UNO; and FARMACIA UPALA sold \$856.72 in pharmaceuticals to UNO. The Weekly Summary Sheet for the Week Ending February 21, 1986, however, erroneously

Continuation of FD-302 of ROBERT DUEMLING AX 46A-656, On 8/25/86, Page 3

indicated that Abastecedor El Puente, rather than ALMACEN UPALA, sold \$26,766.32 in food stuffs to UNO. This summary sheet contained a second error in that it indicated that \$15,907 in food stuffs was sold to UNO by FARMACIA UPALA, when in effect is was actually sold UNO by Albastecedor El Puente.

UNO Officials advised that the allegations contained in the TIM GOLDEN article in the MIAMI HERALD were based on the incorrect Weekly summary for the Week Ending February 21, 1986. NHAO Officials pointed out that both of these errors were corrected on the Weekly Summary for the Week Ending March 21, 1986. NHAO Officials further advised that these weekly summary reports are manually generated and the correction was made on the March 21, 1986, summary sheet long before TIM GOLDEN went to Costa Rica, thereby proving that NHAO was not trying to correct something after GOLDEN had exposed it.

FEDERAL BUREAU OF INVESTIGATION

9/22/86

Date of transcription _____

[REDACTED], Evaluator, GENERAL ACCOUNTING
 OFFICE, Room 1C745, The Pentagon, Arlington, Virginia,
 [REDACTED] provided copies of the following documents:

1. NHAO Voucher dated January 2, 1986, in the amount of \$411,974.22, with supporting documents attached.
2. Check Number 253, drawn on the account of [REDACTED] dated November 6, 1985, in the amount of \$130,000, payable to [REDACTED]
 [REDACTED]
3. Check Number 252, drawn on the account of [REDACTED] dated November 6, 1985, in the amount of \$113,750, payable to [REDACTED]
 [REDACTED]
4. NHAO Voucher dated October 31, 1985, in the amount of \$896,122.12, with supporting documents attached.
5. Check Number 18122, drawn on the account of SUPER MERCADO HERMANO PEDRO, in the amount of \$450,000, payable to COMANDE EN JEFE de las FF AA.
6. Check drawn on SOUTHEAST BANK, N.A., in the amount of \$742,939, the number, date, and payee of which are illegible.

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Investigation on 9/11/86 at Arlington, Virginia File # Alexandria 46A-656-
24
 by [REDACTED] Date dictated 9/12/86

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

300 North Lee Street
Suite 500
Alexandria, Virginia 22314
September 12, 1986

[Redacted]
Chief, Litigation Branch
Criminal Division
United States Department of Justice
315 9th Street, N. W.
Room 824
Washington, D. C. 20530

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Dear [Redacted]

This letter is to confirm the conversations
that took place on July 10, 1986, July 23, 1986, July
28, 1986, and September 10, 1986, between yourself,
[Redacted] of your office, and Special Agent
[Redacted] of the Alexandria Division of the Federal
Bureau of Investigation (FBI).

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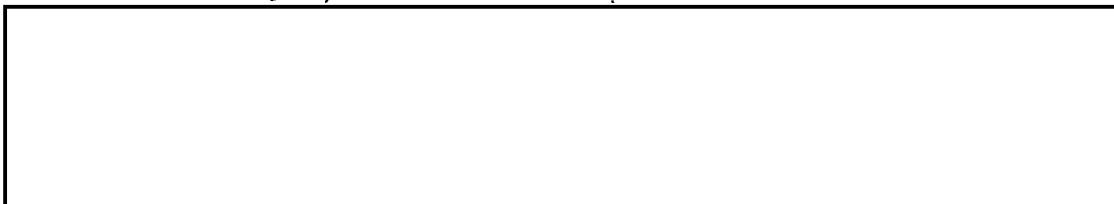
1-Addressee
②-Alexandria
(①-46A-656)
(1-66-71 Sub A)

[Small redacted boxes]
(3) [Small redacted box]

46A-656-25
SEARCHED INDEXED
SERIALIZED FILED

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Very truly yours,



Acting Special Agent in Charge

By:



Relief Supervisory Special Agent

FEDERAL BUREAU OF INVESTIGATION

FOI/PA

DELETED PAGE INFORMATION SHEET

FOI/PA# 1475422-000

Total Deleted Page(s) = 18

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Page 6 ~ Duplicate;
Page 7 ~ Duplicate;
Page 12 ~ Duplicate;
Page 22 ~ Duplicate;
Page 24 ~ Duplicate;
Page 27 ~ Duplicate;
Page 28 ~ Duplicate;
Page 31 ~ Duplicate;
Page 32 ~ Duplicate;
Page 35 ~ Duplicate;
Page 36 ~ Duplicate;
Page 38 ~ Duplicate;
Page 42 ~ Duplicate;
Page 43 ~ Duplicate;
Page 44 ~ Duplicate;
Page 47 ~ Duplicate;
Page 48 ~ Duplicate;

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PAGE TWO AX 46A-656 UNCLAS

DEPARTMENT OF JUSTICE TO INTERVIEW PEOPLE IN THE UNITED NICARAGUAN
OPPOSITION (UNO) OFFICE. INTERVIEWS IN MIAMI CONSISTED OF
LEADERS OF UNO AS WELL AS PEOPLE INVOLVED IN THE EVERYDAY PAPERWORK.
ALSO INTERVIEWED WAS A FIELD COMMANDER STATIONED IN COSTA RICA
AND [REDACTED] A [REDACTED] FOR THE FARN MOVEMENT.

A SUPPLIER FOR THE FDN MOVEMENT IN HONDURAS WAS ALSO INTERVIEWED

[REDACTED]
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ON NOVEMBER 24, 1986, A MEETING WILL BE HELD BETWEEN DOJ
PERSONNEL, [REDACTED] AND PROSECUTORS
IN THIS MATTER TO DETERMINE PROSECUTIVE POTENTIAL. OUTCOME OF
THIS MEETING WILL BE REPORTED WHEN AVAILABLE.

BT

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NNNN

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AX 46A-656

the Department of Justice (DOJ) began a joint investigation into this matter which has, to date, identified over 200 potentially fraudulent transactions and over 60 individuals that have participated in the humanitarian aid program. Of these 60, the below listed persons are known to have submitted documents to NHAO that resulted in the disbursement of United States government funds.

DOJ requested SA [redacted] of the Alexandria Division and [redacted] of the DOJ travel to Miami as soon as possible to conduct appropriate interviews. FBIHQ has approved and Miami will be advised of travel dates upon determination of same.

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LEADS:

MIAMI DIVISION

AT MIAMI, FLORIDA

Expeditiously conduct appropriate indices checks for the following individuals and advise Alexandria of positive results by priority airtel:

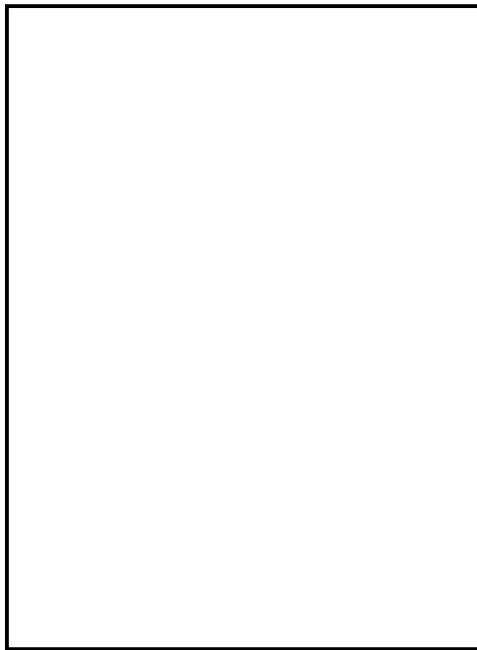
[redacted] aka

[redacted]

[redacted]

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AX 46A-656



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Memorandum



To : Acting SAC AX (46A-656)(P) Date 10/15/86

From : SA [redacted]

Subject : Unsubs; "27,000,00 in humanitarian Aide to the
Contras-Nicaragua
FAG - SOS
OO:AX

Due to writing Agents assignment as
Acting Supervisory Special Agent for Squad 2, it
is requested captured matter be reassigned.

Reassigned to
SA [redacted] 10/15/86
R

46A-656-27

SEARCHED	[redacted]	SERIALIZED	[redacted]	INDEXED	[redacted]	FILED	[redacted]
OCT 17 1986							
FBI - ALEXANDRIA							
[redacted]							

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RE: H.R. 6, LUGAR-MIHANA CHAIRMAN

JOHN SEYMOUR NORTH CAROLINA
CHARLES E. MATHIAS JR. MARYLAND CLAUDIO PELL RHODE ISLAND
HAROLD KASSERLAU KANSAS JOSEPH R. BIDEN, JR. DELAWARE
MURKIN BUSHNELL MINNESOTA PAUL S. SORANES MARYLAND
FANNY PREISSLER SOUTH DAKOTA CLIFFORD ZORNINSKY NEBRASKA
JAMES H. GLENDON ALASKA CHRISTOPHER J. DODD CONNECTICUT
JOHN S. THILLE JR. VIRGINIA THOMAS F. EAGLETON MISSOURI
FRANKE J. EVANS WASHINGTON JOHN F. KERRY MASSACHUSETTS

M. GRAEME BANNHEIMAN, STAFF DIRECTOR
CLINTON B. CHRISTIANSON, MINORITY STAFF DIRECTOR

United States Senate

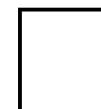
COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510

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URGENT



August 5, 1986

The Honorable Edwin Meese, III
The Attorney General
Washington, D.C. 20530

Dear Mr. Attorney General:

As you know, the Foreign Relations Committee has been looking into allegations that the US-supported forces opposing the Sandinista regime in Nicaragua are involved in narcotics trafficking as a means of financing their struggle. Members of the Committee are concerned about these allegations and the Committee has begun a full-scale investigation.

As a first step we are requesting all information in the files of the Justice Department concerning the individuals listed on the attached sheet. While we appreciate the difficulty in collecting this volume of information, it is imperative that these materials be made available to the Committee by August 22, 1986. Please provide the Committee with a written response to this request by the close of business August 8 listing any reason the Justice Department has for withholding any of the requested documents from the Committee.

We anticipate your full cooperation in providing this material.

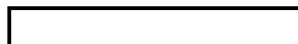
Sincerely,

Richard G. Lugar
Chairman

Claiborne Pell
Ranking Member

Attachment

cc: William H. Webster



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46A-656-28

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 17 1986	
FBI - WASH. D.C.	
[Redacted]	

Foreign Relations Committee Information Request List

1. Enrique Bermudez
2. Adler Berriman Seal, a/k/a Barry Seal

3. [redacted]
4. [redacted]
5. [redacted]
6. [redacted]
7. [redacted] of Miami, Florida
8. [redacted]
9. [redacted]
10. [redacted]

11. Civilian Military Assistance Group a/ka Civilian Material Assistance Group

12. [redacted] of Miami
13. [redacted] Miami
14. [redacted] Costa Rica and Miami
15. [redacted] a/k/a [redacted]

16. Norwin Meneses formerly of San Francisco, California

17. [redacted] of Miami
18. [redacted]
19. [redacted], Miami
20. [redacted] of Miami
21. [redacted]
22. [redacted] of Costa Rica
23. [redacted]
24. [redacted] of Miami, Florida
25. [redacted]
26. [redacted] of Miami
27. [redacted]

Cities listed are to aid in identification only, and are not necessarily current or complete.

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TRANSMIT VIA: AirtelCLASSIFICATION: UncclasDATE: 10/15/86

FROM:

Director, FBI

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TO:

SAC, Alexandria (46A-656)

UNSUBS;
 \$27,000,000 IN HUMANITARIAN AID TO THE CONTRAS-NICARAGUA;
 FRAUD AGAINST THE GOVERNMENT-DEPARTMENT OF STATE
 OO: ALEXANDRIA

Retelcal of SSA [REDACTED] to SA [REDACTED]
 10/14/86.

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Enclosed for information of Alexandria are two copies of a letter dated 8/5/86 from Senator Claiborne Pell.

On 10/14/86, Mark Richard, Deputy Assistant Attorney General, Criminal Division, Department of Justice (DOJ), chaired a meeting attended by the U.S. Attorney, Miami, and representatives from DOJ, FBI and DEA. The subject of the meeting was to discuss the response to the enclosed letter. At the conclusion of the meeting the FBI was tasked to conduct appropriate check of FBI records to determine if any information is available regarding individuals mentioned in enclosed communication. At this time, only FBIHQ indices are being reviewed for this purpose. The attached is being furnished to Alexandria for information purposes only.

Encl

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46A-656-29

SEARCHED	[REDACTED]	INDEXED	[REDACTED]
SERIALIZED	[REDACTED]	FILED	[REDACTED]
OCT 17 1986			
EXANDRIA		FBI/DOJ	

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X Airtel

10/20/86

TO: DIRECTOR, FBI
FROM: ACTING SAC, ALEXANDRIA (46A-656) (P)

UNSUBS;
\$27,000,000 IN HUMANITARIAN AID
TO THE CONTRAS - NICARAGUA
FAG - DEPARTMENT OF STATE
(OO: AX)



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2-Bureau
2-Alexandria

(4X) [Redacted]
[Redacted]

46A-656-30

SEARCHED	INDEXED
SERIALIZED	FILED
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FBI - ALEXANDRIA	

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AX 46A-656



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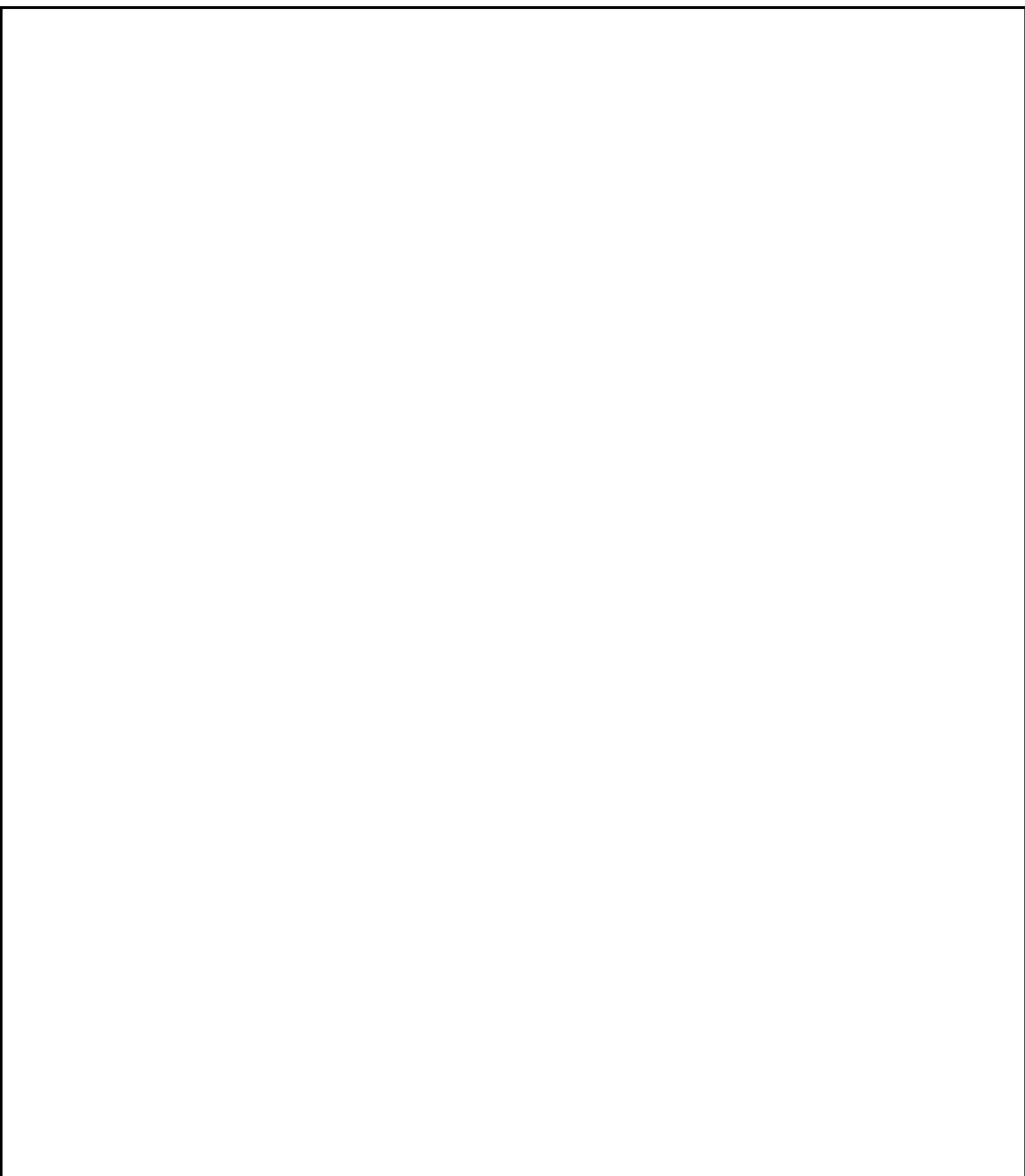


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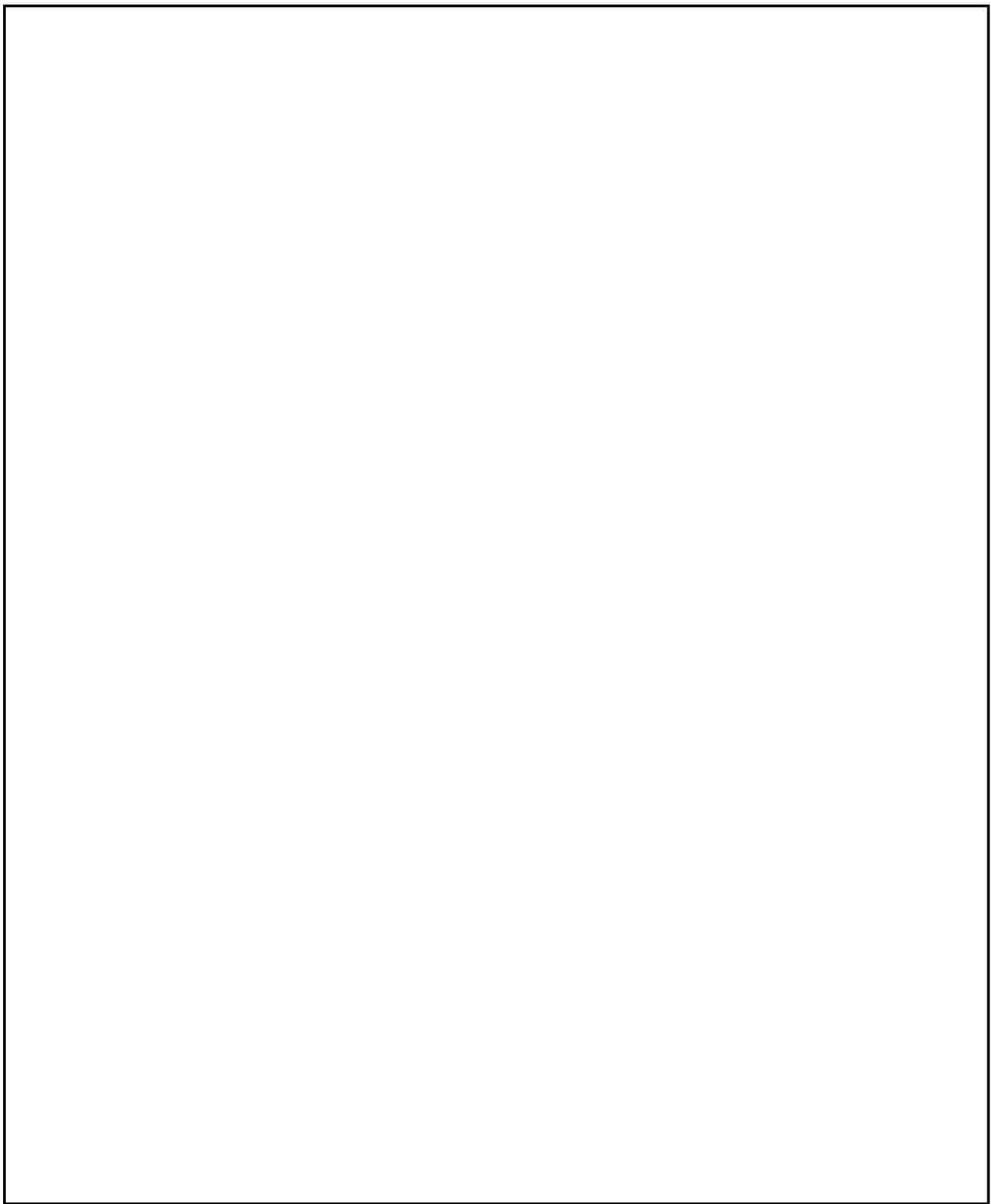
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AX 46A-656



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AX 46A-656



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FBI

TRANSMIT VIA:

Teletype
 Facsimile

PRECEDENCE:

Immediate
 Priority
 Routine

CLASSIFICATION:

TOP SECRET
 SECRET
 CONFIDENTIAL
 UNCLAS E F T O
 UNCLAS

Date 10/29/86

#3715

1 FM ALEXANDRIA (46A-656) (P)

2 TO DIRECTOR IMMEDIATE

3 MIAMI IMMEDIATE

4 BT

5 UNCLAS

6 UNSUBS; \$27,000,000 IN HUMANITARIAN AID TO THE CONTRAS-NICARAGUA;

7 FAG-DOS; OO:AX

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8 RE AX AIRTEL TO DIRECTOR, SEPTEMBER 24, 1986; AX TELCAL TO [REDACTED]

SA

9 FBIHQ SSA [REDACTED] OCTOBER 28, 1986; AX TELCAL TO MIAMI [REDACTED]

10 OCTOBER 29, 1986.

11 ON OCTOBER 28, 1986, AX LEARNED THAT THE THREE LEADERS OF THE
 12 UNITED NICARAGUAN OPPOSITION (UNO), WHICH IS THE UMBRELLA ORGANIZATION
 13 REPRESENTING THE CONTRA FIGHTING FORCES THAT RECEIVED CAPTIONED AID,
 14 WILL BE IN MIAMI AND AVAILABLE FOR INTERVIEW ON OCTOBER 31, 1986.

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15 ON OCTOBER 30, 1986, SA [REDACTED] AND [REDACTED] AT AX [REDACTED]
 16 AND [REDACTED] DEPARTMENT OF JUSTICE, WILL TRAVEL TO MIAMI
 17 TO CONDUCT THESE INTERVIEWS. UNO IS ATTEMPTING TO MAKE OTHER UNO

19 1-Alexandria

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20 (1 [REDACTED]
 1-67-2 Sub 4
 1-67 [REDACTED]

21 1-67 [REDACTED]

Approved: JAM

Transmitted

(Number) 001

(Time) 11 47 AM

Per

SEARCHED

SERIALIZED

INDEXED

FILED

46A-656-31

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- _____

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

Date _____

1 PAGE TWO AX 46A-656 UNCLAS

2 OFFICIALS AVAILABLE AND, IF SUCCESSFUL, ADDITIONAL INTERVIEWS WILL
3 BE CONDUCTED.

4 SAC'S AX AND MIAMI HAVE BEEN ADVISED OF, AND CONCUR WITH,
5 INSTANT TRAVEL.

6 BT

7 3715

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Approved: _____ Transmitted _____ Per _____
(Number) (Time)

READ OUTBOX.1

OUTBOX.1 (#317)

TO: HQ1 @ EMH1, MM @ EMH2

FROM: AX @ EMH2

SUBJECT: 001/IMMEDIATE

DATE: 29 OCT 86 16:41:46 GMT

CC:

TEXT: AX0001 3021644Z

OO HQ MM

DE AX

C 291643Z OCT 86

FM ALEXANDRIA (46A-656) (P)

TO DIRECTOR, IMMEDIATE

MIAMI IMMEDIATE

BT

UNCLAS

UNSUBS; \$27,000,000 IN HUMANITARIAN AID TO THE CONTRAS-NICARAGUA;

FAG-DOS; OO:AX

RE AX AIRTEL TO DIRECTOR, SEPTEMBER 24, 1986; AX TELCAL TO

FBIHQ SSA [REDACTED] OCTOBER 28, 1986; AX TELCAL TO MIAMI, SA

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[REDACTED] OCTOBER 29, 1986.

ON OCTOBER 28, 1986, AX LEARNED THAT THE THREE LEADERS OF THE UNITED NICARAGUAN OPPOSITION (UNO), WHICH IS THE UMBRELLA ORGANIZATION REPRESENTING THE CONTRA FIGHTING FORCEE THAT RECEIVED CAPTIONED AID, WILL BE IN MIAMI AND AVAILABLE FOR INTERVIEW ON OCTOBER 31, 1986.

ON OCTOBER 30, 1986, SA [REDACTED] AND [REDACTED] AT AX b6
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AND [REDACTED] DEPARTMENT OF JUSTICE, WILL TRAVEL TO MIAMI TO CONDUCT THESE INTERVIEWS. UNO IS ATTEMPTING TO MAKE OTHER UNO

46A-656-31

SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____

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PAGE TWO AX 46A-656 UNCLAS

OFFICIALS AVAILABLE AND, IF SUCCESSFUL, ADDITIONAL INTERVIEWS WILL BE CONDUCTED.

SAC'S AX AND MIAMI HAVE BEEN ADVISED OF, AND CONCUR WITH, INSTANT TRAVEL.

BT

3715

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 11/17/86

[REDACTED] Operations Officer, NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE (NHAO), 2100 K. Street, N.W., 8th floor, Washington, D.C. was contacted at his place of employment. Present during the interview was [REDACTED] an attorney assigned to the Fraud Section of the DEPARTMENT OF JUSTICE.

[REDACTED]

[REDACTED]

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b7CInvestigation on 11/3/86 at Washington, D.C. File #Alexandria 46A-656-by SA [REDACTED]Date dictated 11/17/8632
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FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 11/17/86

Ambassador ROBERT W. DUEMLING, Director, Nicaraguan Humanitarian Assistance Office (NHAO), Federal Mediation and Conciliation Service Building, 2100 K Street N.W., 8th Floor, Washington, D.C., was contacted at his place of employment. Present during the interview was [redacted]
[redacted], an Attorney with the Fraud Section of the DEPARTMENT OF JUSTICE.

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Investigation on 11/3/86 at Washington, D.C. File # Alexandria 46A-656 -
by SA [redacted] Date dictated 11/3/86

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription November 17, 1986

ADOLFO CALERO, Director, UNITED NICARAGUAN OPPOSITION (UNO), 6501 Northwest 36th Street, Suite 300, Miami, Florida, was contacted at the UNO Office. Present during the interview was [redacted] an attorney from the Fraud Division of the Department of Justice.

[redacted]

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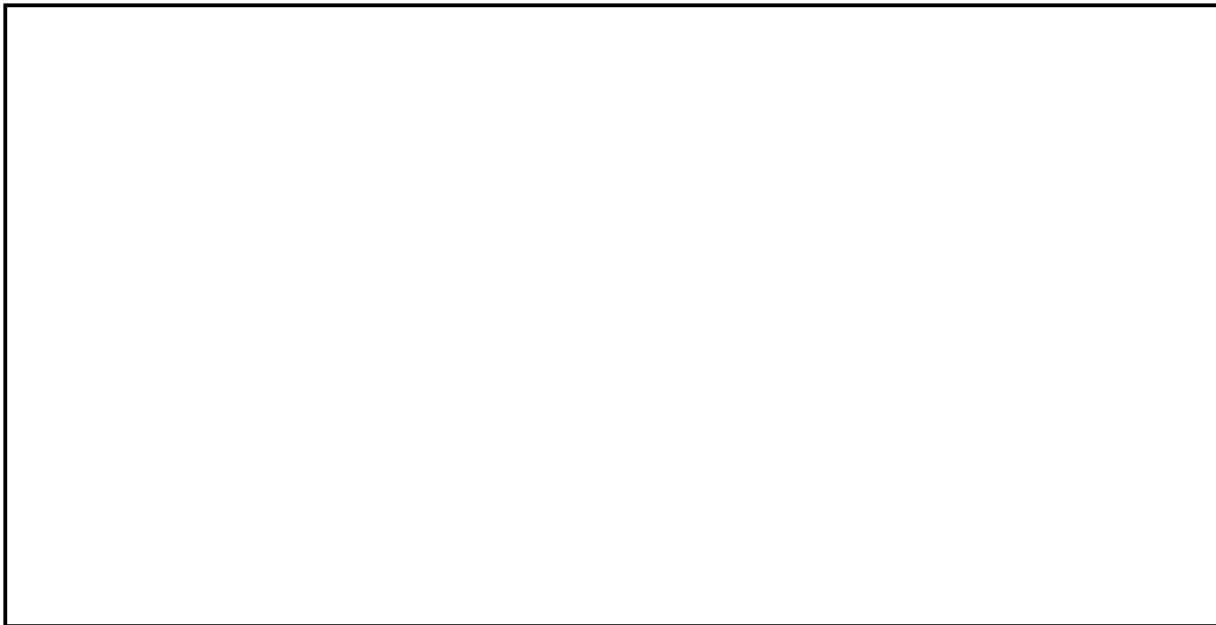
[redacted]

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Investigation on 10/31/86 at Miami, Florida File # 46A-656-34
by SA [redacted] Date dictated 11/14/86

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Continuation of FD-302 of ADOLFO CALERO, On 10/31/86, Page 2
AX 46A-656



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FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 11/17/86

[redacted] United Nicaraguan Opposition (UNO), 6501 N.W. 36th Street, Suite 300, Miami, Florida, was contacted at the UNO office. Present during the interview was [redacted] an Attorney with the Fraud Division of the DEPARTMENT OF JUSTICE. [redacted]

[redacted]

[redacted]

[redacted]

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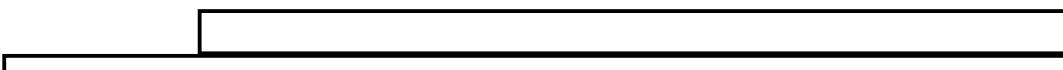
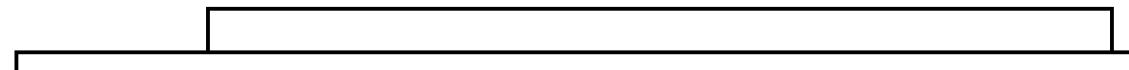
Investigation on 10/31/86 at Miami, Florida File # Alexandria 46A-656-35

by SA [redacted] Date dictated 10/31/86
SA [redacted]

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AX 46A-656

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/17/86

and [redacted] of the Political Section,
United Nicaragian Opposition (UNO), 6501 N.W. 36th Street,
Suite 300, Miami, Florida, telephone [redacted] were
contacted at UNO's office in Miami. Present during the
interview was [redacted], an Attorney with the Fraud
Section of the DEPARTMENT OF JUSTICE. [redacted]
[redacted]

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[redacted]

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Investigation on 10/31/86 at Miami, Florida File # Alexandria 46A-656-36

by SA [redacted]

Date dictated 10/31/86

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AX 46A-656

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FEDERAL BUREAU OF INVESTIGATION

1

11/19/86

Date of transcription _____

[redacted] Operations Officer, NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE (NHAO), 2100 K. Street, N.W., 8th floor, Washington, D.C. was contacted at his place of employment. [redacted] provided copies of transactions known as LD#14 and LD#18 which were invoices paid for goods received from ABASTECEDOR EL PUENTE, FARMACIA UPALA, FARMACIA SAN LUIS and ALMACEN UPALA.

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[redacted] advised that invoices from the above mentioned suppliers were received from the FARN people early in the program. [redacted] stated that procedures were not fully established and people in the field had not been fully briefed on procedures that had been implemented. [redacted] advised that when they first started up they were overwhelmed with invoices from the UNITED NICARAGUAN OPPOSITION (UNO) to be paid. [redacted] stated that FARN was a small part of UNO that consisted mainly of fighters. They did not have any administrative officers to handle paperwork. [redacted] advised that when supplies were purchased for each unit a different person would be sent to pick up the goods. [redacted] stated that the presence and activities of the contras was a delicate situation as the Government of Costa Rica did not want them in the country. [redacted] advised that he did not know any of the people signing the invoices that were being received from the above mentioned suppliers so when [redacted] was in the office he asked him to sign the receiving report. [redacted] stated that [redacted] was connected with FARN and was a responsible member of UNO so he typed up the receiving reports for [redacted] to sign. [redacted] advised that he assumed [redacted] knew that the goods had been received as he was willing to sign for them.

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[redacted] provided a letter from the FDN dated November 4, 1986, from [redacted]

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Investigation on 11/14/86 at Washington, D.C. File # Alexandria 46A-656

by SA [redacted]

Date dictated 11/19/86b6
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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/20/86

Commander FERNANDO "El Negro" CHAMORRO of the UNITED NICARAGUAN OPPOSITION (UNO) was contacted at the UNO Office, 6501 N.W. 36th Street, Suite 300, Miami, Florida. Translating for CHAMORRO was [redacted] of UNO. Present during the interview was [redacted] an attorney from the Fraud Division of the DEPARTMENT OF JUSTICE. [redacted]
[redacted]

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Investigation on 10/31/86 at Miami, Florida File # Alexandria 46A-656 - 28
by SA [redacted] Date dictated 11/17/86

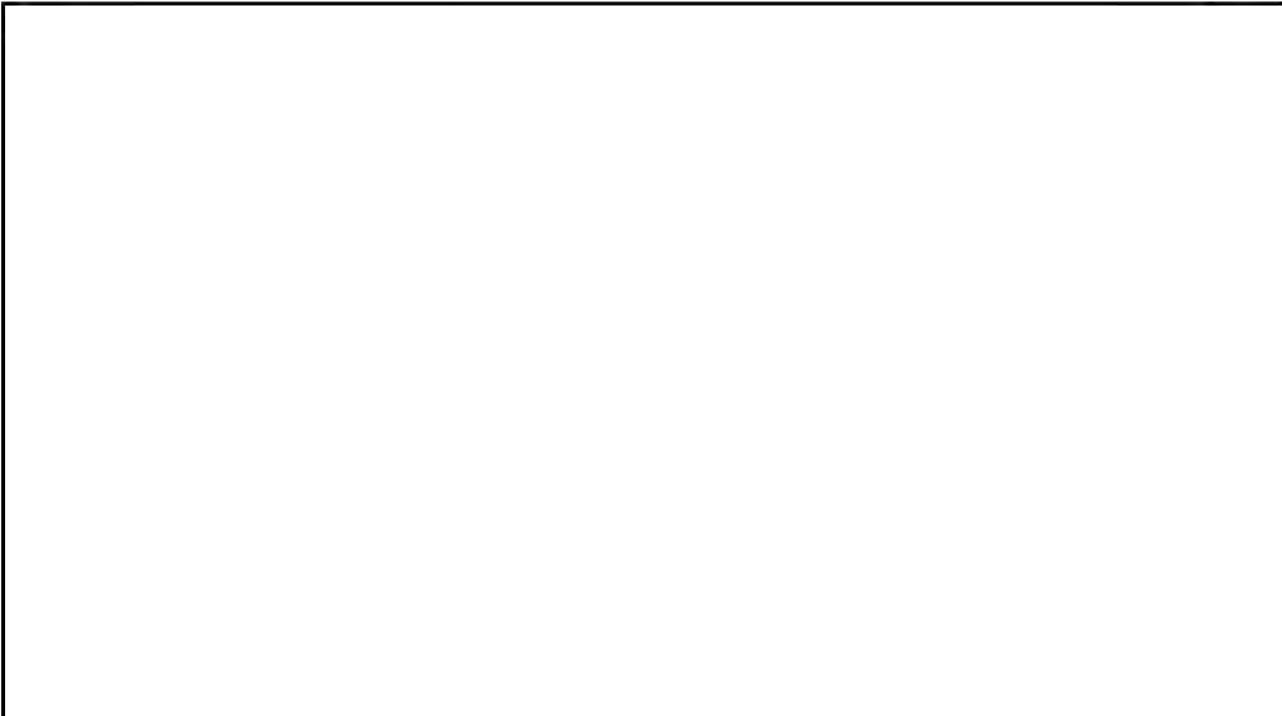
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AX 46A-656

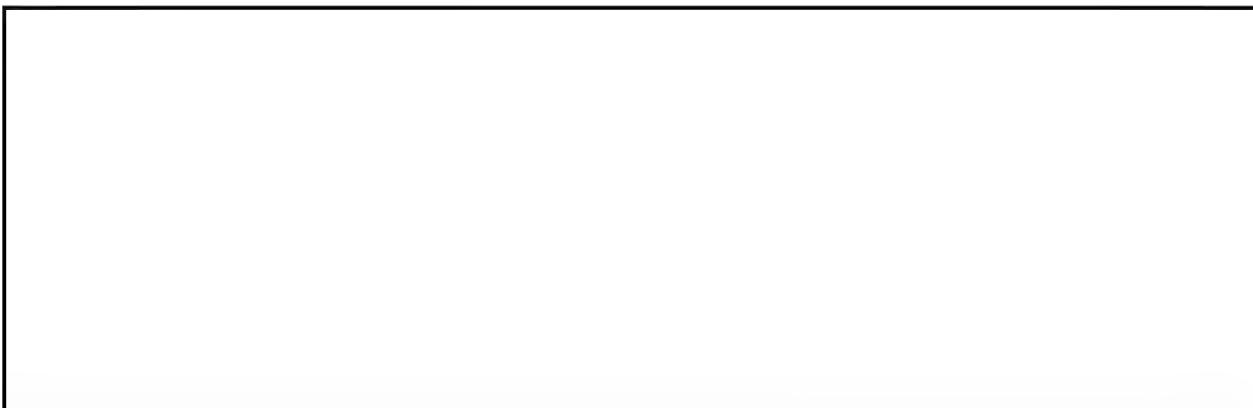
Continuation of FD-302 of FERNANDO CHAMORRO, On 10/31/86, Page 2



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AX 46A-656

Continuation of FD-302 of FERNANDO CHAMORRO, On 10/31/86, Page 3

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A large rectangular black-outlined box used to redact information.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/19/86

ARTURO J. CRUZ, Director, UNITED NICARAGUAN OPPOSITION (UNO), 6501 N.W. 36th Street, Suite 300, Miami, Florida, was contacted at the UNO office. Present during the interview was [redacted], an attorney from the Fraud Division of the DEPARTMENT OF JUSTICE. [redacted]

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[redacted]

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Investigation on 10/31/86 at Miami, Florida File # 46A-656-39
by SA [redacted] Date dictated 11/17/86
SA [redacted]

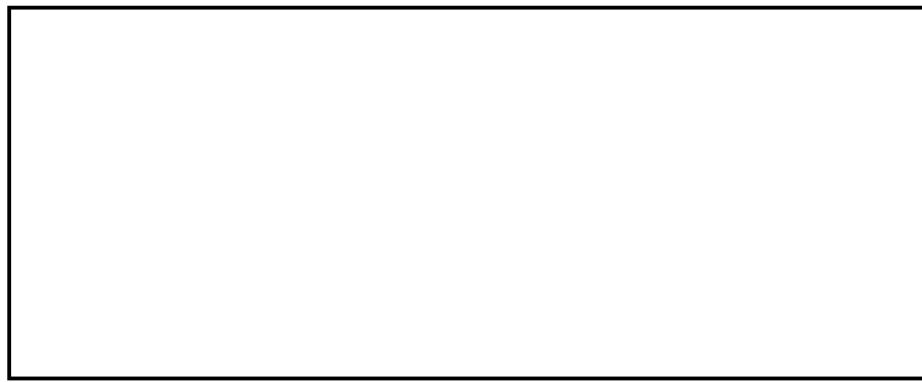
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AX 46A-656

Continuation of FD-302 of ARTURO J. CRUZ, On 10/31/86, Page 2



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READ OUTBOX.5 TEXT
FORMS.TEXT HAS 1 DOCUMENT

OUTBOX.5 (#173)

TEXT: AX0009 3300001Z

RR HQ

DE AX

R 26350Z NOV 86

FM ALEXANDRIA (46A-656) (P)

TO DIRECTOR ROUTINE

BT

UNCLAS

UNSUBS; \$27,000,000 IN HUMANITARIAN AID TO THE CONTRAS - NICARAGUA;

FAG-DOS; OO:AX

RE AX TELETYPE TO BUREAU, OCTOBER 29, 1986.

ALEXANDRIA HAS CONDUCTED A SUBSTANTIAL AMOUNT OF INVESTIGATION IN CAPTIONED MATTER SINCE JULY OF 1986, WHEN THE CASE WAS OPENED. INVESTIGATION INCLUDED A REVIEW OF 386 TRANSACTIONS HANDLED BY THE NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE (NHAO). OVER 200 OF THESE TRANSACTIONS WERE FOR PURCHASES MADE IN THE CENTRAL AMERICAN REGION. NUMEROUS INTERVIEWS OF NHAO PERSONNEL, GAO PERSONNEL, AND STATE DEPARTMENT PERSONNEL WERE CONDUCTED. THE FOCUS OF INVESTIGATION WAS NARROWED TO SEVEN TRANSACTIONS THAT TOOK PLACE IN HONDURAS, COSTA RICA AND GUATEMALA. AGENTS TRAVELED TO MIAMI, FLORIDA WITH AN ATTORNEY FROM THE FRAUD SECTION OF THE

46A-656-43

SEARCHED INDEXED
SERIALIZED FILED

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FBI

TRANSMIT VIA:

Teletype
 Facsimile
 AIRTEL

PRECEDENCE:

Immediate
 Priority
 Routine

CLASSIFICATION:

TOP SECRET
 SECRET
 CONFIDENTIAL
 UNCLAS E F T O
 UNCLAS

Date 9/24/86

1 TO: DIRECTOR, FBI
 2 (ATTENTION: [REDACTED] GOVERNMENTAL FRAUD
 3 UNIT, ROOM 3865, FBIHQ)
 4 FROM: ACTING SAC, ALEXANDRIA (46A-656) (P)

5 UNSUBS;
 6 \$27,000,000
 7 IN HUMANITARIAN AID TO THE CONTRAS-NICARAGUA
 8 FRAUD AGAINST THE GOVERNMENT-DEPARTMENT OF STATE
 9 OO:AX

10 As a matter of background information, on
 11 8/29/85, President REAGAN issued an Executive Order
 12 establishing the Nicaraguan Humanitarian Assistance
 13 Office (NHAO) within the Department of State (DOS)
 14 to disburse \$27,000,000 of humanitarian assistance to
 15 the Nicaraguan democratic resistance as provided for
 16 in the International Security and Development Cooperation
 17 Act of 1985, and the Supplemental Appropriations Act,
 18 Fiscal Year 1985.

19 OTHER Congressional Executive Session
 20 By letter dated 6/19/86, Congressman MICHAEL
 21 D. BARNES, Chairman, Subcommittee on Western Hemisphere
 Affairs, advised the Attorney General that his primary
 investigation of subpoenaed [REDACTED]
 [REDACTED] "suggested a strong
 possibility that criminal statutes had been violated,
 particularly those prohibiting the making of fraudulent
 claims against the United States government."

Subsequent to receipt of this information,
 the Alexandria Division and the Criminal Division of

2-Bureau
 2-Miami
 2-Alexandria
 [REDACTED]
 (6) [REDACTED]

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Approved: _____ Transmitted _____ Per _____
 (Number) (Time) 46A-656-26

SEARCHED [REDACTED] INDEXED [REDACTED]
 SERIALIZED [REDACTED] FILED [REDACTED]